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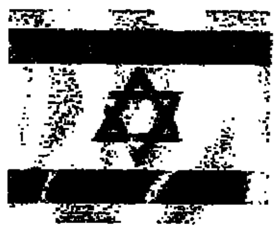

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World Business Newspaper http://www.FT.com THURSDAY MARCH 20 1997

Volvo chooses ex-top executive to chair board

Swedish car and truck maker Volvo named Hakan Frisinger, group managing director in the 1980s, to chair its board. He replaces Bert-Olof Svanholm, who died this week. The appointment of Mr Frisinger coincides with other changes in Volvo's senior management. Chief executive Sören Gyll is to step aside in favour of Leif Johansson, who heads Swedish appliance supplier Electrolux. Page 19

Clinton to name Tenet as CIA nominee: US president Bill Clinton decided to nominate George Tenet, acting head of the CIA, to serve as director of the US spy agency, senior administration officials said.

US to charge for use of airspace: The US is to follow world practice by charging foreign aircraft for flying through its airspace, the Federal Aviation Administration said. It expects to raise $98m a year from the fees. Page 7

WTO report attacks banana regime: The European Union will need to modify its banana import regime, which favours small Caribbean producer countries, if an interim World Trade Organisation report, which backs US and Latin American growers, is adopted. Page 7

Surinam faces 'pyramid' collapse: Pyramid schemes in Surinam, which have attracted tens of millions of dollars from investors, many of them in the Netherlands, are bound to collapse, the South American country's central bank said. Page 18

Jardine Matheson promised equality: Hong Kong-based conglomerate Jardine Matheson will be given equal treatment with companies in mainland China after the territory reverts to China in July, according to a senior Chinese official. Page 19; Hongkong Land jumps to US$649m, Page 24

Fashion designer plans to float: Gianni Versace, Italian fashion designer whose clients include Elton John, Sting and Madonna, plans to stage a stock market flotation of his company this spring. Page 19

N-plant staff played golf during fire: Senior officials at a Japanese nuclear plant where fires and an explosion occurred last month in the country's worst nuclear plant accident, were criticised for playing golf during and after the accident. Page 4

PNG may drop mercenaries plan: Papua New Guinea's prime minister, Sir Julius Chan, said his government may drop controversial plans to use mercenaries against secessionist rebels on Bougainville island. Page 4

Hussein sacks PM: King Hussein of Jordan sacked prime minister Abdul-Karim al-Kabariti following disagreement over domestic issues and policies towards Israel. Page 5

Solidarity supporters clash with police: About 100 supporters of the Solidarity trade union clashed with police as they were evicted from the treasury ministry in Warsaw which they had occupied in protest at the closure of the Gdansk shipyards. Page 2

China presses oil claim: China moved an oil exploration vessel near the Vietnamese coast in a provocative gesture which underlines Beijing's determination to exploit potentially oil and gas-rich deposits in disputed waters. Page 4

Martial law imposed in Mandalay: Burma's military government imposed martial law and a night-time curfew in Mandalay following attacks on Moslems by Buddhist monks. Page 4

TB epidemic easing: The World Health Organisation said its strategy for treating tuberculosis was causing a worldwide TB epidemic to level off for the first time in decades. Page 5

Burgers have a future in Chicago: The Chicago Mercantile Exchange plans to seek a following among those who want to hedge risk in the hamburger business by offering investors future contracts in ground beef. Page 18; Commodities, Page 28

Czechs in Norwegian gas deal: The Czech Republic agreed a long-term contract to import gas from Norway, ending the country's dependence on supplies from Russia, despite intense pressure from Moscow to extend its ties with Gazprom. Page 7

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6,850.49	(-46.07)
NASDAQ Composite	1,246.01	(-23.33)
Europe and Far East		
CAC40	2,596.77	(+22.82)
DAX	3,315.93	(+24.74)
FTSE 100	4,332.2	(-24.6)
Nikkei	18,493.71	(+48.51)

■ US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.280%
Long Bond	95⅞
Yield	6.985%

■ OTHER RATES

UK: 3-mo Interbank	6⅜%	(same)
UK: 10 yr Gilt	99⅜	(100⅞)
France: 10 yr OAT	105.29	(105.65)
Germany: 10 yr Bund	100.37	(100.61)
Japan: 10 yr JGB	105.322	(105.133)

■ NORTH SEA OIL (Argus)

Brent Dated	$19.70½	(19.55)

■ GOLD

New York: Comex		
(Mar)	$352.4	(349.9)
London:		
close	$349.15	(347.95)

■ DOLLAR

New York: lunchtime		
£	1.5965	
DM	1.68155	
FFr	5.672	
SFr	1.4445	
Y	122.7	
London:		
£	1.5973	(1.589)
DM	1.6815	(1.6782)
FFr	5.6711	(5.6638)
SFr	1.4461	(1.4407)
Y	122.75	(122.61)
Tokyo close:	Y 122.8	

■ STERLING

DM	2.6858	(2.6667)

Krupp delays Thyssen bid

Groups to discuss joint steel venture

By Ralph Atkins and Peter Norman in Bonn

Krupp Hoesch, the German steel and engineering group, yesterday put its hostile takeover bid for rival Thyssen on ice after political pressure led both sides to agree to hold talks on forming a joint steel venture.

The turnaround, less than 24 hours after Mr Gerhard Cromme, Krupp's chairman, launched his ambitious assault on Thyssen, came after trade union protests. It coincided with remarks by Mr Helmut Kohl, Germany's chancellor, expressing "great worry" about the takeover and its "negative impact" on jobs.

Mr Cromme and Mr Dieter Vogel, Thyssen's chairman, agreed to discussions starting today after a meeting late on Tuesday with Mr Johannes Rau, the Social Democratic party prime minister of North Rhine Westphalia, where the two groups are located.

But if talks are not successful within eight days, Krupp has vowed to resume its hostile approach which values Thyssen at DM13.6bn ($8bn).

Krupp is advised by Deutsche Morgan Grenfell, Dresdner Kleinwort Benson and Goldman Sachs. Thyssen is advised by Credit Suisse First Boston, Morgan Stanley, J.P. Morgan and SBC Warburg.

The struggle over the bid has become emblematic of German industry's difficulties in accepting the social cost of structural change. It comes less than a week after Mr Kohl himself brokered a deal providing additional government subsidies to the coal industry after protests by miners in Bonn.

Thyssen initially rebuffed Krupp's approach as making sense only if tens of thousands of jobs were shed. Thyssen employees temporarily stopped steel production and held rallies yesterday.

Unions at the two companies have expressed a determination to work together and were last night meeting amid fears that many jobs could still be threatened.

However, Mr Klaus Zwickel, chairman of IG Metall, the metal and steel workers' trade union, said the North Rhine Westphalia initiative was "a first success against the wild west tactics of the large German banks".

Both companies refused to discuss details of the talks, including the job implications of an agreed merger of their steel interests. Together they have sales of about DM15bn, excluding stainless steel.

In an interview today in the Bild newspaper, Mr Kohl appeals for the groups to consider their "overall responsibility" and for a "common-sense solution" in the interests of employees as well as the German economy.

Mr Günter Rexrodt, federal economics minister, said talks on a merged steel business

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Shake-up in industry, Page 17
Market principles, Page 21
See Lex

France Telecom seeks stake in C&W unit

By Alan Cane, David Owen and Hugo Dixon in Paris

France Telecom is in talks over taking a stake in Cable and Wireless Communications, the UK subsidiary of the Cable and Wireless group.

Mr Michel Bon, France Telecom chairman, said C&W could become "the British relay station" of Global One, the company's telecoms alliance with Deutsche Telekom and Sprint of the US.

Speaking before the group announced its last results before partial privatisation, Mr Bon said: "We are interested in a position in C&WC." But he cautioned: "I would not say we were close to a deal."

He also disclosed that the flotation would seek to raise between FFr30bn ($5.22bn) and FFr50bn for the French government, considerably more than previously expected and probably making it France's largest privatisation.

Mr Bon said the talks could encompass a stake in C&W itself, the UK's second largest communications group after British Telecommunications.

Yesterday, sources close to the UK company confirmed that talks had been held with France Telecom. But they said a deal involving C&WC was only one of several options being considered by Mr Richard Brown, the UK group's chief executive.

C&W and France Telecom yesterday comprehensively denied a report that the groups were planning to collaborate in a bid for Sprint, the third largest US long distance operator.

Trading in the American Depositary Receipts of C&W was briefly halted on the New York Stock Exchange, with a symbol indicating that a statement was to be made. But trading continued in London and C&W indicated no statement was pending.

Mr Bon said France Telecom and Deutsche Telekom, which each hold a 10 per cent stake in Sprint, were considering deepening their relationship with the US operator – for example in mobile communications.

His confirmation of negotiations with C&W is one of the few points of certainty in a European telecoms industry beset with rumour and speculation as operators jockey for position before the opening of most European telecoms markets to full competition on January 1 1998.

Mr Brown of C&W has made clear that C&WC, formed last year through the merger of Mercury Communications with three cable television companies, is the group's principal vehicle for expansion.

Lex, Page 18; Results, Page 19

A policeman marshals Albanian refugees who arrived by fishing boat at the Italian port of Brindisi yesterday, as the Rome government declared a state of emergency to cope with the continuing influx Report, Page 2 Reuter

Battle for Latin American business hits banks

By Stephen Fidler, Latin America Editor, in Barcelona

Fierce competition among banks seeking business in Latin America has led to fees and interest rates being cut to unprofitable levels, according to international bankers.

Fees on bonds, equity, and merger and acquisition transactions as well as interest rate margins on loans are failing to compensate banks for the risks they are taking, bankers at the annual meeting of the Inter-American Development Bank in Barcelona said.

Tactics used to win deals include making bridging loans to provide immediate cash on the understanding that the borrower will repay by an issue of bonds or shares.

Chase Manhattan made a $300m bridging loan to the Ecuadorean government of former President Abdalá Bucaram in December and January, pending a planned bond issue. The loan, syndicated among banks including ING Bank and ABN Amro of the Netherlands, is due for repayment on April 9. But because of the deposing of Mr Bucaram, no bond issue is likely before that date.

Mr Brian O'Neill, managing director of Latin America for Chase Manhattan, said the bank's relations with the new government are good. The experience would not alter Chase's approach.

Other banks willing to make bridging deals include Swiss Bank Corporation and Deutsche Morgan Grenfell.

Mr David Mulford, vice-chairman of Credit Suisse First Boston, said the practice had risks: "For a while it may work but when the markets back up it becomes a very uncomfortable situation."

Mr William Rhodes, vice-chairman of Citibank and the bank's senior risk officer, said: "I've never seen such liquidity as I've seen today and I've been around a long time. We have to be careful in

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Rosy prospects, Page 6
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Billionaire prince buys 5% of TWA

By Richard Tomkins in New York

Saudi billionaire Prince Al Waleed Bin Talal has taken his first step into the airline industry by buying a 5 per cent stake in Trans World Airlines, the heavily loss-making US carrier, it emerged yesterday.

TWA said the prince had bought 2.088m shares of its common stock. No price was put on the deal, but with TWA's shares $1/16 up at $6 15/16 in early trading yesterday, the stake was worth $14.5m.

Prince Al Waleed's extensive world-wide interests include investments in Canary Wharf, the London office complex; Euro Disney, the Paris theme park; Citicorp, the US bank; and several big hotel groups.

The prince tends to buy into companies at a time when they are perceived to be in financial difficulties, hoping to profit from their recovery. He favours famous names and businesses with an international flavour.

The prince's office in Riyadh, Saudi Arabia, said he had bought the shares for investment purposes, indicating that he was not planning to intervene in the management of the company.

TWA said it was pleased by the prince's interest. It said he had told the company that he had no plans to increase his stake at present, and that he hoped the management would succeed in its efforts to bring TWA to long-term profitability.

One of the prince's advisers yesterday described him as "a passive investor but a very active owner", meaning that he tries to help the companies in which he invests by using his powerful influence to promote their interests.

One example, the adviser said, was the way in which he had secured new opportunities for expansion in the Middle East for Four Seasons, the Canadian hotel group in which he holds a substantial stake.

Although Prince Al Waleed has no previous experience of investing in the airline industry, TWA fits his criteria. TWA is a business with a well-known name, and is in serious financial difficulties.

The company has been through bankruptcy twice, and on Tuesday published figures showing that its net losses shot up from $227.5m to $321.2m last year. The prince has made big profits from many of his investments, but Wall Street yesterday seemed unconvinced by his confidence.

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NEWS: EUROPE

Italy calls emergency over Albania

By Robert Graham in Rome and Guy Dinmore in Tirana

The Italian government yesterday introduced a state of emergency to cope with the influx of Albanians fleeing across the Adriatic.

The emergency will last until June 30 and will confer special powers that cut through bureaucracy and allow quick release of funds. The decision was taken at a cabinet meeting yesterday dedicated exclusively to the Albanian crisis.

The interior ministry said that by early yesterday more than 10,000 Albanians had reached Italy since last Thursday in a constant flow of boats. When Albania was consumed by anarchy last week, the Italian government set in motion plans to accommodate 3,500 Albanians in the Puglia region which faces the Balkan state across the narrow Adriatic.

"The size of the influx and the rhythm of arrivals have exceeded every reasonable estimate," Mr Giorgio Napolitano, the interior minister, told parliament.

Mr Piero Fassino, the deputy foreign minister, said on Tuesday that organised crime was now involved in the exodus. Gangs were charging people at least L250,000 ($150) per person to cross. As fuel in Albanian ports becomes scarce, bigger vessels have taken to towing small craft which are then left in international waters to be rescued by the Italians.

In an effort to discourage the boat traffic more than 160 craft have been impounded and are unlikely to be released soon. Some 30 decrepit vessels of the Albanian navy, three-quarters of the country's operational fleet, are being moved to Taranto, Italy's main naval base. Most of the crews have sought political asylum.

The Italian government has also acquired powers to provide residence permits to Albanians for 60-90 days. Most will be obliged to stay in temporary camps.

Yesterday saw the first enforced repatriation of Albanians deemed undesirable. Helicopters ferried to Tirana 210 people who had forced their way aboard the Italian warship San Giusto in Durres last week and who had been held at Taranto. Another 78 were flown from Bari to Tirana. The criminal records of hundreds more are being checked, but returning those who have escaped from Albanian prisons is problematical since the jails were ransacked.

No effort was made to arrest them on their return to Tirana airport. Police simply dumped them at the airport perimeter clutching their plastic bags of toiletries handed out in Italy. "Now they are free because no jails exist in Albania at the moment. All are destroyed," said Mr Spartak Ngjela, Albania's justice minister, throwing up his hands.

However, the new Albanian coalition government is making stronger efforts to discourage the exodus. Police forces yesterday took control of Durres port from the criminal gangs and no more refugees were to be seen on the dockside.

The government has restored order to the capital by mobilising hundreds of armed vigilantes, but looting and violence continues in towns in southern Albania. Residents said more than 30 people had been killed since Tuesday in the south-east town of Korca.

A European Union delegation ended a two-day fact-finding mission to Albania yesterday, saying the government was making an "honest and serious effort" to restore normality. The Dutch foreign minister, Mr Hans Van Mierlo, will make his recommendations on aid for the country to a meeting of the European Council on Monday. However, the EU has ruled out military intervention.

Banker prescribes regular Emu diet

By Peter Norman in Bonn

Mr Wim Duisenberg, future head of the European Monetary Institute, warned last night that European economic and monetary union could only create prosperity if the Maastricht treaty's strict economic conditions were met and sustained.

He was giving a clear hint that the Emi would oppose membership of the single currency for countries resorting to creative accountancy.

Drawing on the experience of the Netherlands, where he is central bank governor, Mr Duisenberg said it took years to establish a culture of stability. In a speech to a think-tank close to Germany's opposition Social Democratic party, he said the good performance of the present Dutch economy could be traced to the early 1980s.

Dutch ability to create jobs has attracted keen attention in Germany where unemployment is at a record 4.67m and a lively debate is under way over how far to restructure the nation's collective wage bargaining system and generous welfare services.

Mr Duisenberg said key decisions had been taken 15 years ago. Then, Dutch employers and workers had agreed wage cuts and decentralised wage setting, and the state had begun to cut its borrowing and debt so that the public deficit was now "far below" the Maastricht limit of 3 per cent of gross domestic product.

"This improvement in the economic situation is no luxury and no reason for self-congratulation but rather pure necessity," he said. "The policy has not yet reached its objective, because there are still too many unemployed and state indebtedness is too high."

He had a word of advice for Emu aspirants. "Countries should not look on qualification as a sprinting competition in which they do everything to reach their goal as quickly as possible. They should live healthily and give up bad habits such as big budget deficits just like giving up excessive smoking and drinking."

The Bundesbank this week highlighted how far Germany has become addicted to deficits and borrowing. Warning that Germany faced a "debt trap" in which fast rising interest payments made it impossible to escape growing deficits and high state debt, it said public debt reached 60.7 per cent of GDP last year compared with only 42 per cent in 1989.

EU beef to be labelled with state of origin

By Caroline Southey in Brussels

Britain yesterday dropped its threat to block European Union plans to force beef to be labelled with its country of origin.

This was part of a two-pronged strategy to boost consumer confidence which has been severely damaged by fears over "mad cow" disease. The EU unanimously backed plans for obligatory labels, to come into force in 2000, carrying data on where the animal was born, raised and slaughtered, as well as a compulsory passport system for cattle from 1998.

Mr Jozias van Aartsen, the Dutch farm minister, said the decision meant greater clarity for EU consumers. Mrs Annika Ahnberg, the Swedish farm minister, called it a "victory for consumer interests".

Britain threatened to block the plan for fear that consumers would be driven away from beef labelled as British even after the worldwide ban on UK beef was lifted. However, it supported a compromise under which labels will only be compulsory for beef exported to other EU countries, leaving member states free to sell their own beef without labels in their domestic markets.

"The proposal gives the UK an opt-out for its own market and does not commit us to across-the-board origin markings," a British official said.

EU officials said the UK decision had also been made easier by the fact that the European Commission had compromised on the ceiling it wanted to impose on compensation for farmers for loss of income from green currency revaluations.

However, the farm ministers' decision is controversial because it sends clear signal to Mr Jacques Santer, the Commission president, that the farm lobby is vehemently opposed to his campaign to give the European Parliament a greater say in agriculture policy.

The ministers threw out the Commission's original proposal which would have given the parliament the right to vet the policies. They opted instead to back the Dutch presidency's plans which exclude parliamentary involvement.

Mr van Aartsen defended the ministers' decision, denying it was a snub to MEPs. "All the farm ministers wanted was a speedy conclusion," he said.

However, Mr Franz Fischler, the agriculture commissioner, said he "seriously regretted" the ministers' decision to exclude the parliament.

The Commission faces a motion of censure by MEPs at the end of the year if it fails to overhaul the way in which EU farm policies are made.

The agreement to ensure that cattle can be traced throughout the EU involves registering all animals, tagging them with identification codes on each ear and issuing passports within 10 days of their birth. In addition, all information on the registration and movement of cattle must be entered into computerised data basis by 2000.

EU officials said the compulsory labelling regime could have implications for third country beef imports. The directive allows member states to demand country-of-origin labels on all beef entering their markets, including meat from outside the Union.

"This could create a problem for the EU under World Trade Organisation rules because it imposes new obligations on third countries," an EU official said.

Commissioner Fischler: serious regrets

Mr Louis Schweitzer, chairman of French carmaker Renault, arrives at a meeting with unions to discuss the closure of the company's Belgian factory with the loss of 3,100 jobs, reports Neil Buckley. Mr Schweitzer told union leaders in a two-and-a-half hour meeting at Beauvais, 60km north of Paris, that the closure decision was "irrevocable", and could not be delayed beyond the targeted date of July.

Union leaders said they were "very disappointed" by his refusal to re-examine Renault's restructuring plan, or discuss alternatives to the closure such as a reduction in working hours. But the Renault chairman said he was prepared to discuss measures to alleviate the impact of the closure.

Renault has been criticised by the French and Belgian governments, and the European Commission, for its handling of the closure. Renault unions in Belgium, France and Spain were last night planning further industrial action in protest over the move.

Picture: Reuter

Van Miert to seek state aid for EU shipyards

By Emma Tucker in Brussels

Mr Karel Van Miert, EU competition commissioner, will next month ask industry ministers from the member states to approve a series of state aid payments to shipyards in Spain, Germany and Greece.

The aid includes DM1bn ($598m) of new money for the two beleaguered east German shipyards caught up last year in a financial scandal.

Insisting yesterday that the subsidies would not alter the "relative competitive situation" of the markets concerned, the Commission said it had been compelled to take a decision because of failure to make progress on an OECD pact to eliminate subsidies to shipyards.

Brussels had put off action pending the outcome of an OECD meeting last week at which it had been hoped progress could be made towards completing the multilateral pact. The US is the only country not to have approved the deal, which covers the EU, Norway, Japan and South Korea.

"In view of the lack of any positive outcome to the OECD meeting last week, the Commission feels obliged to act, if the future of the yards concerned is not to be jeopardised," the Commission said. If a qualified majority of ministers approves the aid plans, the Commission will be allowed to give the formal go-ahead.

In the German case, the aid will replace money allegedly diverted from the two east German shipyards MTW-Schiffswerft and Volkswerft, by their former parent company. It siphoned off the funds in a move that was beyond the control of the two yards, according to the Commission, which has been investigating the case.

The Commission said new aid of roughly DM1bn had been requested, to replace funds of roughly DM850m and make up the contributions that were to have come from Bremer Vulkan. This will allow the state, which took back control of the yards following the scandal, to complete a restructuring programme ahead of privatisation.

In Greece and Spain, the aid is mainly needed to cover interest payments the yards had to pay on loans taken out after the government was unable to pay previously negotiated state aid, either for budgetary or legal reasons.

In Spain, the assistance covers restructuring plans at the public yards, with a view to making them viable by the end of next year. The aid amounts to Pta315bn ($2.2bn). The Commission is demanding capacity reductions in return.

In Greece, the government has asked to be allowed to write off Dr54,525bn ($24bn) in debts run up during privatisation of the Hellenic Shipyard. The Commission judged that since conditions for the yard to become viable had been met, it was reasonable to grant the aid.

Bank of France sheds some weight

The fat days are over for a sprawling institution, writes **Andrew Jack** in Paris

Tension is growing in the labyrinthine corridors of the Bank of France as the staff brace themselves for a sweeping restructuring plan which will threaten many jobs and offices around the country.

While the bank's monetary policy council may spend most of its time studying economic indicators to decide whether to change interest rates, since the institution was granted independence in 1993 it has also been partly responsible for internal management decisions.

By the end of this month, the works council expects to be summoned for details of office closures and up to 800 job losses as France's foremost financial institution faces up to the need to reflect market pressures.

The challenge is considerable. Since the bank's creation nearly 200 years ago, pressure by the state has led to an explosion in the services it provides, while local politicians lobbied hard for it to open regional offices in their constituencies.

The result is that, in addition to staff in its grandiose headquarters in the centre of Paris, the bank today employs nearly 8,000 people in 211 offices around the country. That means France has the highest number of central bank branches per capita in any European Union country apart from Greece.

Its total workforce of 16,000 provides the conventional services of a central bank: implementation of interest rate policy, banking supervision and banknote printing. But it also offers a wide range of other specialist skills, including consulting advice to companies and the management of 100,000 bank accounts.

Employees benefit from civil service job protection and pension provisions, together with relatively high salaries and special benefits, including preferential mortgage terms, and generous holidays and maternity leave. A significant number also live in apartments owned by the bank.

Top officials now argue, however, that the system needs to be substantially reformed. It is hard to preach budgetary rigour and the virtues of greater competition in the country at large without making some move towards tougher stewardship within their own organisation.

More practically, the bank has seen its own pre-tax profits decline steadily in recent years: down to FFr2.8bn ($488m) in 1995. There is concern that if its annual pre-tax profits fall below FFr1bn, the very independence and authority of the bank in determining monetary policy could be called into question.

The fall in profits is largely linked to the evolution of the French economy itself. Each time the bank decides to reward anti-inflationary performance by cutting interest rates, it threatens its own health because its income from financial operations falls correspondingly.

In addition, the growth in France – as in other countries – of credit card transactions, inter-bank electronic transfers and other non-cash forms of payment reduces the volume of notes in circulation, putting pressure on another essential source of the bank's revenues.

Competition from rival central banks is also becoming a concern at a time of closer European integration, and most notably the approach of the single currency. As the deadline nears for awarding the contract to print the new euro banknotes, the Bank of France is as keen as its foreign rivals to be in the running.

Inspired by the findings of a management consultancy report completed in 1994, Mr Jean-Claude Trichet, the governor, began his cost-cutting plans in 1995 with an attack on banknote production costs. In the face of union strikes and legal moves, he closed the bank's research centre near Paris and consolidated its printing and paper operations near Clermont-Ferrand.

There have been 720 net job losses out of 2,000 employees in the division, more flexible working patterns and a reduction in production costs per note from FFr1.25 to FFr1. The aim is to cut costs to the more competitive level of 70 centimes by the year 2000.

The next stage, shortly to be unveiled, is to attack the bank's enormous regional network. The 35 *caisses allegées*, or scaled-down branches, which provide a reduced number of operations, are all likely to be closed. So, too, are a large number of the 176 fully-fledged *caisses*.

The closures would be a response to the high costs of maintaining a comprehensive regional network now that technological and telecoms developments have reduced the need for such dense geographical coverage, and commercial banks prefer to centralise distribution of cash in order to reduce their security risks.

A regional development law passed in 1995 would make the complete closure of its offices difficult. But the front-office operations of about 65 are believed to be under threat, including two of the four in Paris.

To the bank's unions, the restructuring makes little sense when the Bank of France remains a profitable institution providing valuable services. They argue that Mr Trichet is pushing unnecessarily hard in an effort to appear tough, and fear that a still further wave of job losses could follow the 1998 general elections.

EUROPEAN NEWS DIGEST

Solidarity in police clash

About 100 militant supporters of the Solidarity trade union clashed with police yesterday as they were evicted from the treasury ministry in Warsaw which they had occupied in protest at the closure of the Gdansk shipyards.

Windows were shattered, chairs and fire extinguishers were hurled and ministry corridors filled with smoke as police, initially repulsed by the protesters, stormed the building.

Some of the demonstrators were taken away by ambulance but it was unclear whether any were seriously injured. Others who were evicted headed to the nearby ministries of labour and the economy where similar protests were underway. Workers are angry about the closure of the shipyards, birthplace of the Solidarity movement, and the loss of 3,700 jobs.

Mr Marian Krzaklewski, Solidarity's leader, denounced the police action as provocation and warned the protests could lead to a general strike.

Union officials said members from the Ursus tractor factory outside Warsaw were on their way to the ministries to back colleagues. Other activists, including miners from Silesia, had earlier occupied a corridor in the economics ministry. *AFP, Warsaw*

Dispute over Danish can ban

The European Commission is threatening Danish authorities with legal action because of their ban on the use of metal cans for beer and soft drinks.

The Commission believes this may be contrary to the European Union's 1994 packaging and packaging waste directive, which aims to reduce the environmental impact of waste and ensure a single market for products.

The Commission said it was not convinced by Danish arguments for retaining the ban but that it would give the Danes a chance to respond before taking a decision on whether to take the matter to court.

The European metal can producers' lobby, which includes leading steel companies is unhappy about the ban and in recent months has argued it is in breach of the packaging directive. *AFX, Brussels*

Romanian investment plan

Mr Ulm Spineanu, Romania's reform minister, is to propose a 28 per cent capital gains tax this week on foreign portfolio investments of less than one year, a ministry official said yesterday. He will also propose an 18 per cent capital gains tax on investments of one year or more.

Romania has no capital gains tax on foreign portfolio investments. The official said the draft proposal also eliminated current requirements that foreign portfolio investors win case-by-case approval by the finance ministry before repatriating investments or profits.

Ms Cecilia Vlasceanu, a counsellor minister said: "We will give great liberty for repatriation. Investors will be able to repatriate whenever they want but the higher tax on shorter investments is in Romania's interest. Mr Spineanu's proposal is to encourage the investors to leave their money here longer."

The proposed bill is likely to be approved in the next few days and could be presented to parliament next week. *AP-Dow Jones, Bucharest*

Study on Russian economy

Nearly half the Russian economy is controlled by organised criminals and billions of dollars are haemorrhaging out of Russia as a result, according to a US study.

"In Russia, organised crime groups are dominating both legitimate and illegitimate economic sectors simultaneously," said the report, in the latest issue of the World Bank newsletter Transition, distributed in Moscow yesterday.

The study by Ms Louise Shelley, a law professor at American University in Washington, says that new criminal owners of enterprises are not interested in making their companies work but are draining resources and transferring the proceeds abroad, exacerbating both capital flight and non-payment of wages.

Ms Shelley said organised crime had seized control of more than 40 per cent of the Russian economy by taking advantage of and manipulating the government's privatisation programme. *Reuter, Moscow*

Generali in move over records

Generali, the Italian insurance group, is seeking to attach conditions to an agreement to allow Yad Vashem, the Israeli Holocaust research institute, access to company records of Jewish policyholders killed during the second world war.

Generali wants a guarantee that it will not be forced to pay claims to the families of those its records reveal to have been policyholders. It also wants Yad Vashem to promise not to pass information to those who believe their relatives were insured by the company.

An Israeli lawyer is handling claims from some 50 families who say that their relatives had been Generali policyholders whose claims were never paid.

A company spokesman said Generali would make no materials available while it was being pressed for payments. "This is unthinkable," he said. "At least at the moment."

He said that Generali assets in Eastern Europe were nationalised by communist governments after the war and therefore, it had no obligation to pay post-war claims. Generali agreed to make materials available to Yad Vashem earlier this month, a few days before Israeli officials were set to approve its acquisition of a controlling stake in the formerly state-owned Israeli insurer, Migdal. *Norma Cohen, London*

ECONOMIC WATCH

German M3 growth slows

Germany's central bank said yesterday that M3 money supply growth in February slowed markedly from January because of a rise in money capital formation. Seasonally adjusted, annualised M3 growth in February slowed to 9.1 per cent from the average of the final quarter of 1996 compared with 11.7 per cent in January. Growth was also damped down by an outflow of funds in foreign transactions by domestic non-banks and by lower bank lending to the public sector. By contrast, bank lending to companies and private individuals strengthened, owing in large measure to securities purchases by banks. *Reuter, Frankfurt*

■ The west German business climate index rose to 93.6 in February from 93.3 in January, and was up from 87.4 a year earlier, the Ifo economic research institute said.

■ Dutch registered unemployment fell to 429,000, or 6.4 per cent of the workforce, in the three months to February, from 468,000 or 7 per cent a year earlier, according to unadjusted figures from the central statistics bureau.

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FINANCIAL TIMES Wednesday March 19 1997

Rate fears continue to weaken Dow

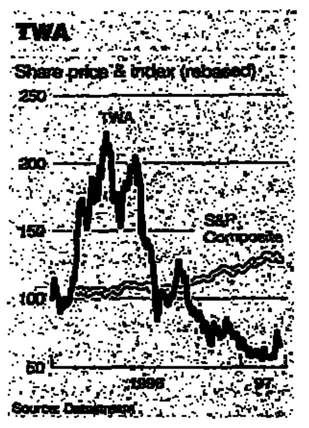
AMERICAS

US share prices slipped in early trade as jitters about the course on monetary policy continued to weigh on the market, *writes Lisa Bransten in New York.*

At 1 pm, the Dow Jones Industrial Average was off 15.11 at 6,940.37 and the Standard & Poor's 500 fell 2.97 at 792.74. Volume on the NYSE came to 250m shares.

Technology shares were also lower with the Nasdaq composite, weighted toward the sector, off 5.75 at 1,273.68. The Pacific Stock Exchange technology index shed 1.1 per cent.

TWA
Share price & index (rebased)



Source: Datastream

Worries that the Federal Reserve might raise interest rates at next Tuesday's Meeting of its open market committee continued to hurt bank stocks, as did new concerns about declining consumer credit quality.

Chase Manhattan Bank dropped $3⅛, or 3 per cent, to $99⅛, Citicorp lost $2⅛ at $115⅛, NationsBank was $1 lower at $58 and BankAmerica lost $2⅛ at $113⅛.

Salomon, the holding company for Salomon Brothers, the US investment bank, added $⅞ at $53⅞ on news that it planned to sell off its lossmaking oil refining business.

Trans World Airlines fell $½, or 7 per cent, at $6½ after the airline reported fourth-quarter results that were much weaker than analysts had expected.

Micron Technology also lost ground, although the semiconductor company reported operating earnings stronger than expectations. The shares slumped $3⅛, or 7 per cent, to $40⅛ and were the most actively traded shares on the NYSE.

Computer makers were especially weak. Dell Computer lost $2⅛, or 4 per cent, at $65⅛, Gateway 2000 was $2, or 4 per cent, weaker at $50⅛ and Compaq Computer fell $⅛, or 1 per cent, to $76½.

A profits warning sent investors fleeing from Wolverine Tube.

Shares in the company tumbled $9⅛, or 26 per cent, to $25⅛ after the company said it expected its first-quarter earnings to be about 15 per cent below the $10.3m it made a year ago.

TORONTO's TSE-300 composite index retreated by another 12.34 to 6,142.20 at the noon calculation.

Volume was light and selling was said by brokers to be limited. A resources sector takeover bid provided the main feature of an otherwise quiet morning session.

Leaders stayed weak. Royal Bank of Canada shed 75 cents to C$57.40 to continue the interest rate led softness in the financial sectors.

Canadian Occidental slammed in a C$20.50 a share cash bid for Wascana Energy and jumped C$2.10 to C$25.55. Wascana, already under siege from Talisman Energy, gained C$1.05 to C$20.40.

Remington Energy, which is to replace Morrison Petroleum in the 300 composite index today, hardened 25 cents to C$24.50.

Paris enjoys dramatic share price action

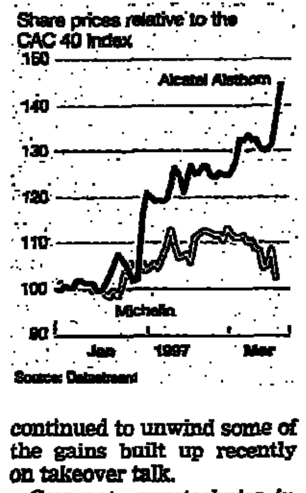
EUROPE

A handful of dramatic share price movements lifted trading volume in PARIS by 50 per cent, but left the CAC 40 index 14.43 lower at 2,573.95.

Alcatel Alsthom surged close on 9 per cent and Michelin thundered in the opposite direction, sliding more than 6 per cent. In a volatile retail sector, Pinault-Printemps lost almost 4 per cent.

Alcatel was suspended limit up at one stage during the early afternoon after the shares had jumped to FFr674, a rise of 9.95 per cent. At the close, the stock was FFr54 higher at FFr667 thanks to strong results plus upbeat news on the restructuring front.

French companies
Share prices relative to the CAC 40 index



Source: Datastream

The counter-balancing disappointment for investors came from Michelin, where profits fell short of broker estimates after unexpected provisions and a relatively down in the mouth statement on trading from the tyre giant.

The shares, which had steamed ahead by more than 20 per cent this year in advance of the 1996 numbers, closed off FFr21.10 at FFr318.50 in 1.2m shares.

Pinault-Printemps fell FFr35 to FFr2,164 and Promodes came off FFr60 to FFr1,800 as the retail sector continued to unwind some of the gains built up recently on takeover talk.

Corporate pyrotechnics in Germany, around Krupp's bid for Thyssen, sent Usinor Sacilor shooting ahead. Analysts argued that the German move could well lead to a much-needed reduction in European steel capacity. Usinor rose FFr3.50, or 4.4 per cent, to FFr89.90.

FRANKFURT suspended Krupp and Thyssen, talked about the bid all day, and saw most excitement in stocks that it could not trade. Turnover stayed in the doldrums, at DM11.5bn against DM10.8bn, as the Dax index fell another 47.52, or 1.4 per cent, to 3,289.59.

Mr Stefan Müllheim at Dillon Read noted that Mr Gerhard Cromme, Krupp's chief executive, had been this way before when he made a hostile, reverse bid for Hoesch in 1991, and showed subsequently that he could make the acquisition work.

Thyssen peaked in the grey market at DM410 against Monday's close of DM344.50. Another of Germany's steel-based conglomerates, Preussag, went along, rising DM14.75 to DM441.80 on the capacity theory.

Last year's market favourites, the big three chemicals, fell in echelon after Bayer, off DM2.56 at DM68.85, brought in lower fourth-quarter profits for 1996 and what some observers read as a subdued outlook for 1997. Schering dropped DM3.85, or 2.5 per cent, to DM157.10 in a delayed reaction to EU approval for Avonex, Biogen's competing multiple sclerosis drug.

Continental, the tyremaker, forecast annual cost savings of DM50-DM70m in the medium term from a "fundamentally new" production process. The shares rose 38 pfg to DM35.50.

AMSTERDAM's financial sector led the way down as the AEX index ended 11.67 lower at 741.73.

Fortis Amev fell 4.5 per cent, sliding Fl 3.40 to Fl 72.90. ING came off Fl 2.40 to Fl 73.70 in 3.8m shares and Aegon, which puts out results on Friday, lost Fl 4 at Fl 134.80.

VNU outpaced the broad market dipping 10 cents to Fl 40.80 thanks to marginally better than expected results. Hoogovens jumped sharply with sentiment bouncing off the Krupp and Thyssen takeover news plus a buy note from Goldman Sachs.

Goldman had Hoogovens shares trading at a discount to the sector of 15 per cent prior to the Krupp move. The stock ended up Fl 1.50, or 1.7 per cent, at Fl 88.60.

MILAN gave up 1.6 per cent under pressure from the lower lira and domestic bonds and on uncertainty over the future of the government coalition. The Comit index fell 11.91 to 724.88.

The telecommunications sector remained active. Against the trend, Tim, the mobile telecoms stock, added L262 to L4,415 after an upbeat analysts meeting in Milan on Monday, followed by a meeting with London analysts yesterday.

Some switching was reported out of Stet, down L273 to L7,190, and Telecom Italia, L82 down at L4,080, as fund managers continued to adjust portfolios ahead of the merger.

Gemina, the financial holding company, was suspended limit up for much of the day and ended L49.1 higher at L573.7. One Milan analyst said that the rise seemed to reflect speculation, particularly in London, that the company might pay the first dividend in four years on the ordinary shares.

ZURICH continued to pull back, with the SMI index down 36.2 at 4,520.3, with a weaker dollar and worries about the outlook for US interest rates providing disincentives for investors.

Novartis outperformed the broad market, easing just SFr1 to SFr1,738 after its results proved in line with expectations, but a dividend increase met with approval.

Roche certificates added to Monday's losses, falling SFr220 to SFr11,560 on concerns that the weaker dollar could hurt its earnings.

Elsewhere, Sulzer lost SFr13 to SFr866 after the company reported lower profits for 1996, but predicted a rebound this year.

STOCKHOLM saw Swedish 10-year bond yields climb another 21 basis points to 7.47 per cent, and money came out of the equity market on the prospect of fixed interest money offering an effective alternative. The general index slid 51.70, or 1.8 per cent, to 2,884.05. Ericsson B fell SKr8 to SKr261 on weakness in US tech stocks.

Banks retained some speculative interest, S-E-Banken gaining SKr2.50 at SKr64.5 on changes at the top. In OSLO, where the total index fell 10.81 to 1,088.52, banks rallied on the merger between Fokus and BNbank which rose NKr1 to NKr59.50, and NKr24 to NKr191 respectively.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

THE EUROPEAN SERIES

Mar 18 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2158.88	2151.67	2149.00	2147.72	2143.20	2145.23	2145.90	2146.80
FTSE Eurotrack 200	2184.76	2180.76	2179.91	2177.21	2172.18	2173.58	2176.34	2176.63

	Mar 17	Mar 14	Mar 13	Mar 12	Mar 11
FTSE Eurotrack 100	2164.22	2174.00	2183.63	2204.47	2231.98
FTSE Eurotrack 200	2196.22	2208.37	2212.55	2230.28	2257.03

Base value 1000 (26/10/90). High/day: 100 - 2157.52; 200 - 2185.82 Low/day: 100 - 2142.79 200 - 2171.58. † Partial.

Nikkei up 2.2% on promise of property solution

ASIA PACIFIC

Government plans to dispose of the real estate held as collateral for bad loans took TOKYO up by 2.2 per cent, *writes Bethan Hutton.*

Relieved of a problem which had been weighing on the whole financial system, as well as on the property market, the Nikkei 225 average climbed 391.70 to 18,445.20, the day's high, after opening at a low of 18,072.87.

Volume rose from 360.8m shares to an estimated 450m. Advances led declines by 822 to 278 with 148 unchanged, the Topix index of all first-section shares climbed 18.24 to 1,376.99 and the capital-weighted Nikkei 300 by 3.56 to 263.51.

In London, the ISE/Nikkei 50 index rose 1.82 to 1,423.77.

Already higher after an overnight rise on Wall Street, equities were boosted further when Mr Hiroshi Mitsuzuka, the Japanese finance minister, said that the government would announce measures at the end of the month to improve liquidity in the real estate market and speed up disposal of the property used as security on bad loans.

Real estate was the best performing sector, gaining 3 per cent on the government announcement. Mitsui Fudosan rose Y30 to Y1,300, Sumitomo Realty Y25 to Y841, Mitsubishi Estate Y40 to Y1,410, and Heiwa Real Estate Y10 to Y604.

Construction companies improved on the same news. Shimizu added Y22 to Y669, Obayashi Y22 to Y752, and Tobishima Y12 to Y203.

Banks also did well, on the assumption that any improvement in the real estate market would help them, too. Bank of Tokyo-Mitsubishi improved Y40 to Y2,101, Industrial Bank of Japan Y30 to Y1,290, Fuji Bank Y70 to Y1,480, and Sumitomo Y80 to Y1,590.

Some investors were still looking to book profits ahead of the financial year end. Brokers said that some selling did emerge at the higher levels, particularly above 18,400.

Telecoms were among the day's laggards, suffering from a shake-up in the market ahead of increased competition. NTT slipped Y3,000 to Y859,000, Japan Telecom Y50,000 to Y2.22m, and DDI Y2,000 to Y738,000.

The yen strengthened a little during the day, which prompted some selling of export-oriented shares. Sony dropped Y80 to Y8,820, TDK Y40 to Y,8170 and Honda Y10 to Y3,640.

In Osaka, the OSE index climbed 227.44 to 19,210.16 in volume of 481.7m shares.

TAIPEI rose to its seventh consecutive six-year high in heavy volume as investors bought aggressively in defiance of newly tightened margin-buying limits.

The weighted index rose 99.78 to 8,526.20 for a two-day advance of 235 points.

At T$183.6bn, turnover was the heaviest for more than three years. Electronics eased on profit-taking, but paper shares surged 3.7 per cent. Dealers said that buying enthusiasm was fuelled by plans for a new share listing. EVA Airways, a unit of Evergreen Marine, is to be floated.

BANGKOK rose as investors shrugged off Standard & Poor's downgrade for two big commercial banks. Trailing at the noon calculation, the SET index ended 6.95 ahead at 693.87.

S & P on Tuesday downgraded Thai Farmers Bank and Siam Commercial Bank. But the credit rating agency also affirmed Thailand's long and short-term foreign currency debt ratings.

"The market took more notice of the national debt news. This reflects a degree of confidence in the government's new economic policies," said one broker.

Thai Farmers fell Bt1 to Bt116.

JAKARTA closed sharply lower after heavy foreign selling of Telkom depressed sentiment. The composite index fell 11.50, or 1.71 per cent, to 659.44.

Telkom fell Rp175 to Rp3,650 in 44m shares on competition concerns.

Brokers said the emergence of a possible competitor may mean the end of Telkom's monopoly on basic telecommunications services.

Bimantara, the big conglomerate, rose Rp100 to Rp3,225 on talk that any potential rival to Telkom might use Bimantara as its vehicle.

Calm returned to shares in Papua New Guinea companies listed in Sydney, after a sharp sell-off 24 hours earlier over an army attempt to force the prime minister from office.

Order was restored yesterday when the army chief, Brigadier General Jerry Singirok, agreed to step down.

He had turned against the prime minister, Sir Julius Chan, over a plan to use foreign mercenaries on Bougainville island.

Share price falls of between 5 and 10 per cent were commonplace on Monday. However, yesterday, the government-controlled resource group Orogen Minerals ended steady at A$3.20 after Monday's 7 per cent slump, while Oil Search, the oil producer, recouped 10 cents of Monday's 8.5 per cent tumble, to A$2.70

SYDNEY closed sharply lower following heavy selling of News International and weakness among stocks with Papua New Guinea exposure.

The All Ordinaries index closed down 23.1 at 2,404.3 in heavy 1.2bn volume. News Corporation fell 22 cents to A$6.36 after the group announced a $745m takeover of a heavily indebted US media group. Among shares with an interest in Papua New Guinea, CRA came off 10 cents to A$18.45.

HONG KONG resumed its downward path, dragged lower by fears of higher interest rates and profit-taking in the recently popular China issues. The Hang Seng index fell 89.62 to 12,748.91 as turnover dropped to HK$7.5bn. Conglomerates led the losses, with Wharf Holdings down HK$1.20 to HK$30.30.

DHAKA extended its bear run to a fifth straight session amid worries about the outlook for the economy and a corporate sector hard hit by frequent power disruptions. The market index lost 78.4, or 5.5 per cent, to 1,345.37.

Mexico City turns up

MEXICO CITY reversed an early dip as bargain hunters emerged for blue chips that were likely to respond to a firm peso and stable interest rates. By midsession, the IPC index was up 22.65 at 3,783.20.

Analysts noted that investors had been markedly absent from the market this week, holding back on concerns about a possible rise in short-term US interest rates and the potential for higher domestic interest rates.

The traditional week-long Easter holidays were likely to exacerbate the situation.

The market was also awaiting the outcome of the Bank of Mexico auction of government securities later in the day, although rates on the key 28-day Treasury bills, or Cetes, were expected to remain little changed from last week's 23.17 per cent.

SAO PAULO traded lower at midsession as local indices continued their recent trend of trailing the Dow. The Bovespa index, 2.5 per cent lower on Monday, was 55 weaker at 9,208.

SANTIAGO was weak at midsession as local investors watched Chilean ADR activity in New York for signals of overall market direction. The IPSA index was 1.42 weaker at 113.15.

S Africa enters holiday mood

There were signs that the Johannesburg market was winding down ahead of Friday's national holiday with volumes falling away steeply and all main indices dipping lower.

The all-share index ended off 26.9 at 7,085.5.

Industrials slipped 10.9 to 8,321.6 and golds, further unsettled by the softening bullion price, gave up 20.4 to 1,370.3. Dealers said a number of institutions had already squared their books ahead of the long weekend.

"There were very few takers for stock. It's getting very quiet," said one broker.

Anglo American came off R2.50 to R269.5.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY MARCH 17 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY MARCH 14 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	222.24	-0.2	207.58	173.76	195.28	186.22	0.2	4.08	222.77	206.29	173.75	196.81	185.78	225.77	188.44	198.03
Austria (24)	185.29	-0.5	173.06	144.86	162.80	162.74	-1.0	1.79	186.17	172.40	145.20	164.47	164.42	195.04	174.70	180.36
Belgium (26)	238.17	-0.2	222.46	186.21	209.27	204.74	-0.8	3.36	238.66	221.01	186.14	210.85	206.31	241.54	203.64	203.64
Brazil (28)	238.26	-2.6	222.54	186.27	209.34	464.52	-2.2	1.21	244.52	226.43	190.71	216.02	474.88	247.23	149.69	151.90
Canada (114)	197.22	-1.1	184.21	154.20	173.29	195.68	-0.6	1.88	199.34	184.60	155.48	176.11	196.86	203.31	154.12	155.82
Denmark (32)	373.99	0.4	349.32	292.40	328.61	328.26	-0.1	1.44	372.65	345.08	290.64	329.22	328.72	376.98	291.30	294.25
Finland (28)	263.34	-0.7	245.96	205.88	231.38	280.66	-0.6	1.63	265.09	245.48	206.75	234.19	282.37	268.56	174.47	184.14
France (91)	218.16	-1.4	203.77	170.57	191.69	195.10	-1.9	2.65	221.15	204.79	172.48	195.37	198.89	225.82	185.93	185.93
Germany (59)	200.83	0.3	187.58	157.01	176.46	176.46	-0.2	1.50	200.24	185.43	156.18	176.90	176.90	205.33	164.47	170.98
Hong Kong (59)	467.38	1.0	436.54	365.41	410.67	464.73	0.9	3.32	462.95	428.70	361.07	408.99	460.36	514.49	407.55	415.66
Indonesia (27)	234.69	0.9	219.20	183.49	206.21	348.11	1.0	1.54	232.62	215.41	181.42	205.50	342.77	-	-	-
Ireland (16)	333.47	-0.4	311.47	260.72	293.01	301.80	0.0	3.14	334.83	310.06	261.14	295.80	301.80	343.35	258.13	258.13
Italy (59)	83.57	-2.6	78.06	65.34	73.43	105.69	-2.6	2.11	85.83	79.48	56.95	75.83	108.53	96.32	70.61	73.11
Japan (480)	112.03	0.1	104.64	87.59	98.44	87.59	0.3	0.90	111.97	103.68	87.33	98.92	87.33	164.68	109.16	147.92
Malaysia (107)	633.36	-0.8	591.58	495.18	556.51	604.38	-0.8	1.07	638.53	591.29	498.01	564.10	609.14	660.85	512.47	599.32
Mexico (27)	1330.10	-0.4	1242.38	1039.91	1168.70	11824.84	-0.2	1.13	1335.22	1236.44	1041.38	1179.59	11645.29	1445.68	1088.22	1088.22
Netherland (19)	350.80	-0.7	327.66	274.26	308.23	304.51	-1.2	2.54	353.34	327.20	275.58	312.16	308.35	357.18	279.86	281.98
New Zealand (14)	84.74	0.3	79.15	66.25	74.45	64.81	0.9	4.38	84.44	78.20	65.86	74.60	64.26	95.60	75.94	82.48
Norway (41)	309.66	-0.5	289.23	242.10	272.09	287.89	-0.5	2.13	311.06	288.06	242.62	274.82	289.28	321.23	236.19	238.14
Philippines (22)	198.12	0.6	185.05	154.90	174.08	260.07	0.6	0.67	197.00	182.43	153.65	174.04	258.52	-	-	-
Singapore (43)	402.38	0.6	375.83	314.59	353.56	268.00	0.5	1.04	400.13	370.53	312.07	353.49	264.47	449.15	371.28	430.72
South Africa (44)	361.41	0.2	337.57	282.56	317.56	350.02	-0.1	2.39	360.82	334.12	281.41	318.76	350.43	390.34	301.49	380.34
Spain (35)	213.87	-1.2	199.76	167.21	187.92	232.65	-1.8	2.74	216.57	200.55	168.91	191.33	236.97	228.16	164.81	164.81
Sweden (49)	430.65	-0.9	402.24	336.69	378.39	493.39	-1.2	2.11	434.59	402.43	338.95	383.93	499.31	448.64	334.04	334.34
Switzerland (36)	254.16	-1.4	237.39	198.71	223.32	229.78	-1.6	1.29	257.68	238.62	200.97	227.65	233.48	257.68	229.36	244.18
Thailand (45)	78.46	-0.8	73.28	61.34	68.94	79.02	-0.8	4.08	79.06	73.23	61.66	69.86	79.68	187.79	73.99	173.41
United Kingdom (212)	277.86	-1.9	259.53	217.24	244.14	259.53	-1.1	3.76	283.27	262.31	220.93	250.25	262.31	285.30	225.08	225.08
USA (654)	322.84	0.2	301.54	252.40	283.66	322.84	0.2	1.87	322.22	298.38	251.31	284.66	322.22	331.54	254.79	262.23
Americas (823)	295.52	0.1	276.02	231.04	259.66	248.75	0.1	1.85	295.24	273.40	230.27	260.83	248.45	308.45	233.09	239.16
Europe (727)	243.36	-1.2	227.30	190.26	213.83	226.65	-1.2	2.69	246.39	228.16	192.17	217.67	229.36	248.97	203.01	203.01
Nordic (150)	376.32	-0.6	351.50	294.22	330.66	369.11	-0.9	1.94	378.69	350.66	295.35	334.55	372.32	385.85	286.64	298.43
Pacific Basin (873)	132.89	0.1	124.12	103.90	116.76	102.54	0.3	1.42	132.77	122.94	103.55	117.29	102.22	177.01	131.50	161.08
Euro-Pacific (1600)	178.92	-0.7	167.12	139.89	157.21	149.37	-0.5	2.14	180.12	166.80	140.48	159.13	150.18	191.51	176.79	178.44
North America (768)	315.21	0.1	294.42	246.44	276.96	314.45	0.1	1.87	314.80	291.52	245.53	278.11	313.97	323.69	248.65	255.65
Europe Ex. UK (515)	219.22	-0.6	204.76	171.40	192.62	204.15	-1.2	2.08	221.09	204.74	172.44	195.32	206.74	223.97	185.66	185.88
Pacific Ex. Japan (393)	306.31	0.2	286.10	239.48	269.14	264.38	0.3	2.81	305.72	283.10	239.44	270.08	263.48	320.65	268.97	282.27
World Ex. US (1813)	182.79	-0.7	170.73	142.91	160.61	155.55	-0.6	2.12	184.08	170.44	143.55	162.60	156.42	193.47	179.10	179.87
World Ex. UK (2255)	222.66	-0.1	207.97	174.08	195.64	198.04	-0.1	1.80	222.88	206.37	173.82	196.88	198.25	228.59	199.58	203.34
World Ex. Japan (1987)	286.15	-0.3	267.27	223.72	251.43	276.70	-0.3	2.19	287.10	265.88	223.92	253.64	277.51	292.72	233.10	236.90
The World Index (2467)	227.38	-0.3	212.38	177.78	199.80	203.61	-0.2	2.00	228.01	211.14	177.83	201.43	204.02	233.38	202.32	205.32

CONSTITUENT CHANGE WITH EFFECT 19/3/97: Deletion: Finance One (F) (Thailand). Latest prices were unavailable for this edition. Market closed 17/3/97: Ireland.

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Russia firm over Nato expansion

By John Thornhill in Moscow and Chrystia Freeland in Helsinki

On the eve of what could be an historic summit between Russia and the US, the Kremlin yesterday remained defiantly opposed to the Nato alliance's planned eastward expansion.

Speaking in Helsinki, the summit venue, the Kremlin's chief spokesman warned that no amount of talking would alter Russia's fundamental hostility towards Nato's proposal to embrace several eastern European states.

"Russia's approach to Nato expansion will not change regardless of any summits, bilateral meetings and negotiations," said Mr Sergei Yastrzhembsky, the presidential spokesman.

Mr Yastrzhembsky said the summit, which begins today, would help define the shape of the Russian-US partnership in the twenty-first century.

Mr Nikolai Kovalev, director of Russia's Federal Intelligence Service, one of the successors to the KGB, also kept up the pressure. He warned: "Now is a key moment; it depends on the west whether we will to some degree return to the attitudes of the Cold War."

Mr Yastrzhembsky said that Russia realised it could not halt Nato expansion. In a hint of a possible breakthrough at the two day meeting, he added that Nato had also gone a long way in preparing a charter that would address Russia's genuine security concerns. "This is already a real step towards compromise. Nato is showing more realism in its negotiating position with Russia," he said.

Citing leaked western documents, the Izvestiya newspaper reported that a five-part Nato charter would address many of Russia's concerns. The agreement would define areas of co-operation, such as peace-keeping, arms control, nuclear safety, and defence conversion. But it would also outline the principles and mechanisms for exchanging information about defence politics and strategy. A permanent consultative committee would be established the newspaper claimed.

President Boris Yeltsin would appear to have a strong bargaining hand as far as domestic political considerations. There is near unanimity in Moscow opposing Nato's expansion even if few politicians believe it to be a serious military threat.

Russia's nationalist dominated parliament agreed yesterday that it would debate a resolution later this week prohibiting Russia from ever joining Nato.

Even leading liberal politicians, who favour pro-western politics, have been highly critical of Nato enlargement plans.

Mr Yegor Gaidar, leader of the liberal Democratic Choice faction, said yesterday: "Nato expansion in the form that it has been announced is a stupidity. I think it is a serious mistake of the west.

Editorial Comment, Page 17

Slovak actors in protest over political power play

A row between the government and the arts community that has closed most of the theatres in Slovakia is threatening to become a wider confrontation over the often heavy-handed policies of Mr Vladimír Mečiar, the prime minister.

Students demonstrated in Bratislava on Monday in support of actors and theatre workers who have been on strike since last month in protest at a reorganisation of cultural institutions that has cut funding and given government appointees "supervisory" powers.

Last week a protest by actors and opposition MPs at the culture ministry was broken up by police. The ministry has become the focus of the discontent as strikers fight what they claim is an attempt by the government to exercise the tight control over cultural life that it already wields at state radio and television.

The arts have become the latest battleground in the struggle for the upper hand in Slovak politics. The opposition and President Michal Kováč, who faces constant hostility from Mr Mečiar, have given strong backing to the strikers.

After last week's showdown Mr Kováč called for the resignation of Mr Ivan Hudec, culture minister, who refused to meet the strikers at his ministry. "It is deplorable that the artists of this country have to resort to such methods to meet their minister," he said.

Significantly, the strike has won broad public sympathy and strong support from trade unions and the Roman Catholic church, which is increasingly vocal in defence of civil liberties. A proposed strike by transport workers in the capital next month looks certain to become a show of support for the beleaguered actors.

These developments come amid signs of a shift in public opinion away from the nationalist/populist government 18 months before the next election. The three-party coalition led by Mr Mečiar is increasingly on the defensive over a range of mishandled issues.

There is widespread cynicism over the secrecy surrounding the privatisation of state assets, many of which have been sold to allies of the government. There is also a perceived breakdown in public order following a series of bomb attacks, including one on the home of an opposition MP for which no one has yet been charged. The discontent is fuelled by a slowdown in economic growth.

"Opinion seems to be swinging towards the opposition," said Mr Eugen Jurzyca, president of the Centre for Economic Development, a think-tank. "There is a perception of corruption and fear of a breakdown in security, and people blame the government for this."

Given the Shakespearean nature of Slovak politics it is perhaps fitting that these grievances should find an outlet in a theatre strike. Dissent in former Czechoslovakia was led by artists. Now they see a drift back to communist-era censorship and intolerance of dissent.

This week's student protesters rattled their keys in an echo of a famous habit of demonstrators during the 1989 "Velvet Revolution" against the old Czechoslovak regime. Mr Václav Havel, the playwright who became a president, and other well known artists in Prague have sent messages of support to the striking actors.

Mr Mečiar's government already has a firm grip on state radio and television and there have been attempts, so far unsuccessful, to introduce a law on "protection of the republic" that would curb protests. People in the arts, media or academic life unwilling to toe the government line can have subsidies cut, appointments vetoed or jobs lost without explanation.

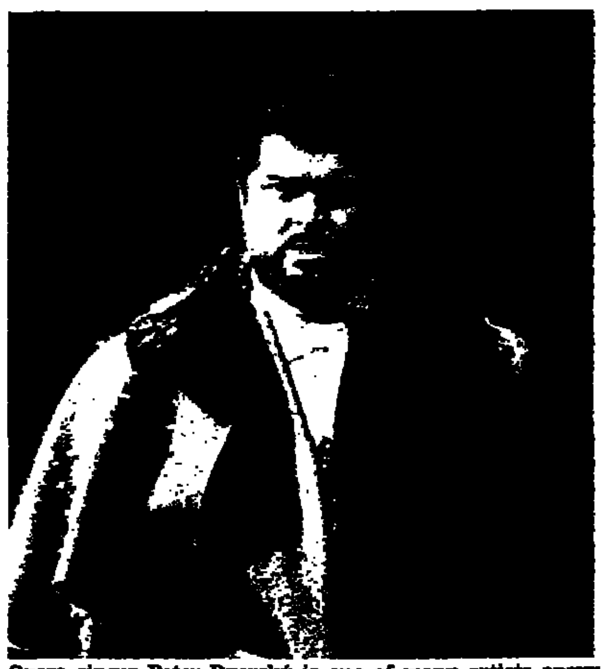
The fear is that if the reorganisation of the arts goes ahead, funding will depend on whether the work is deemed "acceptable" by the newly appointed regional arts supervisors, creating an unofficial and arbitrary blacklist. "If you were an artist under communism at least you knew you were banned. Now you don't. It's more subtle," said Mr Miroslav Beblavý, a drama student.

Most Slovak theatres are silent. The opera star Mr Peter Dvorský has refused to set foot on a stage until the plans are abandoned. He quit the state opera last year in support of Mr Dušan Jamrich, the artistic director of the Slovak National Theatre, who was sacked for his opposition to the moves. The SNT is also strikebound.

Mr Hudec insisted the changes were an effort to conserve scarce resources and said the protesters were being manipulated by the opposition. Theatre people say the strike will go on until the government withdraws its plans.

Observers say the government miscalculated the scale of the outcry. Last week's decision to bring police to the culture ministry to remove demonstrators exacerbated matters, and Mr Hudec is to face a no confidence vote in parliament next month over his handling of the crisis. Mr Mečiar might choose to sacrifice his minister and start afresh, one diplomat said.

Vincent Boland



Opera singer Peter Dvorský is one of many artists angry about government plans to reorganise the arts Clive Barda

GE to close down Moscow subsidiary

By Matthew Kaminski in Moscow

General Electric of the US will next month shut down a Moscow subsidiary because of what it calls the erratic enforcement of tax laws and the absence of an efficient appeals process.

GE, whose sales totalled $600m in Russia last year – more than any other foreign investor – decided to cease operations at RAO GE International, its Russian distribution company, after tax officials seized its bank account in October to collect what they claimed were unpaid taxes.

Mr Per Jonsson, GE's Moscow representative, said the authorities had demanded money for three taxes (as Russian law allows) that, according to its accounts, the company had already paid. The dispute is illustrative of persistent investor complaints that the transparent accounts of foreign companies are easy targets when the cash-strapped government is looking for money to make up for widespread tax evasion by Russian enterprises.

The tax crackdown came just after the International Monetary Fund suspended its $10.1bn loan programme in Russia because lower than expected tax revenues threw the planned budget deficit off target.

The subsidiary which GE is closing was set up in 1991 as a distributor for its plastics and silicons used in construction, which has recently boomed in Moscow. Now that the dispute over tax has moved to the arbitration court, the company has decided not to wait for the outcome.

Mr Jonsson said the company would use Russian distributors, which have become more reliable. Its investments in an aircraft engine manufacturing venture and the sale of medical and gas transmission equipment would continue.

"Taxes are a very, very serious problem that no one should be shy talking about," said Mr Jonsson. "The tax code is not stable and rates change all the time. It is too open to interpretation at the lowest levels.

"And there is no structured appeals process," he added. "That is one of its most obvious deficiencies."

Mr Peter Charow, head of the Moscow office of the American Chamber of Commerce which has 375 members, said taxation was still the big issue for investors in Russia.

"If anything has changed in the past few years, it is that the situation has grown worse. They've gotten better at enforcing bad laws. Taxes make it uneconomic to do business here," he said.

According to estimates by the European Bank for Reconstruction and Development, Russia, even with its capital needs in sectors such as oil and gas, attracted just $5.1bn of foreign direct investment between 1989 and 1996.

Nevertheless, some companies have been successful in appealing against fines in the developing Russian court system.

The US pharmaceuticals company Johnson & Johnson has won nine of the 10 cases it has brought against the tax police, according to Mr Charow.

A Russian banker said a good litmus test for the new government would be its ability to push tax reform through parliament.

Russia's tax authorities have launched initial bankruptcy proceedings against 90 of the country's biggest corporate tax debtors which allegedly owe the government a total of Rbs35,000bn ($6.1bn), writes John Thornhill in Moscow. The enterprises include Avtovaz, maker of Lada cars, and Yuganskneftegaz, one of Russia's biggest oil companies. Tax authorities have also begun monitoring every company whose outstanding tax debts exceed Rbs3bn, with a view to possible action.

The authorities' aggressive approach could lead to a restructuring of enterprise debts, sackings and the sale of controlling shareholdings to outside investors. However, many bankruptcy proceedings have been bogged down in the courts for months, worsening the growing inter-enterprise debt crisis in the economy.

In a further signal of the priority the government places on tax collection, Mr Alfred Kokh, privatisation minister, has been made responsible for the entire budgetary revenues area, including the tax service.

Scandal threatens to taint Netanyahu government □ Labour party succession complicates plan

Likud tempted by national coalition

By Judy Dempsey in Jerusalem

Mr Tzahi Hanegbi, Israel's justice minister, could hold the key to the future shape of the government as police investigations into an alleged scandal draw to a close.

Senior members of the governing Likud party believe that if indictments are served against Mr Hanegbi for his alleged involvement in trying to rig the appointment of a new attorney-general, Prime Minister Benjamin Netanyahu's government will be tainted by corruption.

If so, they have not dismissed the idea of forming a *national unity government* with the opposition Labour party led by Mr Shimon Peres. Mr Peres seems attracted to the idea as well.

He recently told a small group of Labour deputies he would consider forming a national unity government with Mr Netanyahu. His argument was that Labour could save the peace process, which ground to a standstill after the go-ahead was given to start building a new Jewish settlement at Har Homa in Arab east Jerusalem.

Israeli border police guarding machines working at the Har Homa housing project Reuter

Mr Peres, however, is awaiting the outcome of police investigations into the so-called "Bar-On affair" before committing himself fully.

Police are *trying to ascertain* whether some cabinet ministers were aware of an alleged deal initiated by Mr Aryeh Deri, leader of Shas, a member of the coalition.

It has been alleged that Mr Deri agreed to support an Israeli troop withdrawal from Hebron if his nominee, Mr Roni Bar-On, was *appointed the next attorney-general*. At the same time, Mr Deri was allegedly seeking a plea bargain in an outstanding corruption case if his nomination was accepted.

In Likud there is some consensus that Mr Netanyahu might be persuaded it would be better to form a *national* unity government with Mr Peres, and perhaps sooner rather than later.

Government officials say Likud is assuming it could win the next election with such a national coalition if Mr Netanyahu, increasingly beholden to his nationalist and far-right coalition parties, is unwilling to see out his term of office in the current circumstances.

The timing for a national unity government is as crucial to Mr Peres as it is to Mr Netanyahu. Mr Peres said he would step down at the party's convention in June, when the leadership will be contested by Mr Ehud Barak, the former chief of staff and considered the front-runner.

Yesterday Mr Barak sharply criticised the idea of a national unity government, saying he could not support a morally corrupt and incompetent Likud administration. "A government of failures, disgrace and stink should not be joined," he said, adding that the Bar-On affair "reeks to the heavens. It is something that goes down to the fundamentals of what is government and what kind of state we want".

Mr Netanyahu would be loath to have Mr Barak as a coalition partner. Mr Barak, according to his aides, probably knows the prime minister's qualities and character better than any Likudnik – he was Mr Netanyahu's commander when the prime minister did his stint in the army.

Hence the importance of the timing for Mr Peres and Mr Netanyahu. If Mr Hanegbi is indicted – and the government tainted – Likud's calculation is that a government with Mr Peres would be acceptable and would keep it in power.

Likud has less than two months to move, since it is likely Mr Barak will win Labour's leadership contest. "This would cut off Likud's chances of spreading the blame," said a Barak supporter. "And frankly, I don't see why we have to rescue this wretched government."

Mr Yossi Beilin, one of the architects of the Oslo peace accords who is also contesting the Labour leadership, went further in his criticism of a national unity government at this time. "The Labour party should focus *all its attention on toppling* the government regardless of the outcome of the Bar-On affair," he said.

INTERNATIONAL NEWS DIGEST

New strategy to beat TB

The World Health Organisation (WHO) said yesterday its new strategy for treating tuberculosis represented a breakthrough in tackling the age-old disease and could save millions of lives worldwide. The WHO programme could also dramatically reduce the threat of the emergence of TB bacilli resistant to drugs and cut long-term costs, agency representatives told a news conference in Berlin.

The plan, known as Dots or Directly Observed Treatment Short-course, was causing the worldwide TB epidemic to level off for the first time in decades, they said. WHO calls for training health workers or community members to counsel and observe TB patients to ensure they take the standard four antibiotics, not only until symptoms disappear but until they are cured.

"This is the single most important development in the fight against humanity's oldest and most deadly disease since [German scientist] Robert Koch discovered the TB bacillus in 1882," the WHO's TB programme director, Mr Arata Kochi, said. *Reuter, Berlin*

Robinson backed for UN job

The Irish government said yesterday it was formally nominating its first woman president, Ms Mary Robinson, for the job of United Nations High Commissioner for Human Rights and would "actively support her candidature in every possible way".

Ms Robinson said last week that she would not be standing for re-election after almost eight years, prompting a wave of speculation that she would seek a UN position that suited her interests in human rights and the developing world.

Irish government support for her candidature was announced as Ms Robinson visited the UN criminal tribunal for former Yugoslavia in The Hague, the first head of state to do so. It also follows weekend expressions of support for her to seek the job from the White House, which has taken a tough stand towards reform and cost-saving at the UN. *Reuter, Dublin*

Kazakhs 'dissatisfied'

An overwhelming majority of Kazakhs believe official corruption is rife in the former Soviet republic, according to an opinion poll published yesterday. The poll, which canvassed 1,500 people and was carried out by the Washington-based International Foundation for Electoral Systems last December, showed 91 per cent of the 16.9m population considered government corruption a "serious problem".

The poll also found 82 per cent of Kazakhs "dissatisfied" with the situation in the oil-rich country, up from 77 per cent in 1995.

Kazakhs were also deeply pessimistic about any economic improvement, with 44 per cent saying the economy would worsen in the next six months, 36 per cent saying it would stay the same and only 10 per cent believing it would improve.

The figures will be bad news for Kazakh President Nursultan Nazarbayev, whose popularity has plummeted because of the country's chronic backlog of unpaid wages and pensions.

Mr Nazarbayev has given Mr Akezhan Kazhegeldin, his prime minister, until April 10 to redress the payments crisis or face the sack. *Reuter, Almaty*

Hussein sacks his prime minister

By Judy Dempsey

King Hussein of Jordan yesterday sacked Mr Abdul-Karim al-Kabariti, the prime minister, following a rift *over policies towards Israel* and other domestic issues. His dismissal comes a week after a Jordanian soldier killed seven Israeli schoolgirls visiting a tourist site on the border between the countries.

Palace officials dismissed speculation that Mr Kabariti, 47, might have been made a scapegoat, adding that the king had been planning to introduce government changes for some time.

Mr Kabariti, who was also foreign and defence minister, has been replaced by Mr Abdul-Salam al-Majali, 71, a former prime minister who signed the peace treaty between Israel and Jordan in 1994.

The business community, which has enthusiastically embraced the gradual economic and political reforms spearheaded by Mr Kabariti, had mixed opinions about Mr Majali's ability to achieve further restructuring.

"It's too early to judge," one Jordanian analyst said. "Maybe Mr Majali will consolidate renewed links with Iraq, boost trade, and continue the reforms. But I think what is behind the sacking is Jordan's relations with Israel."

Relations between the two reached their lowest point for some time last week when King Hussein sent a scathing letter to Mr Benjamin Netanyahu, Israel's prime minister, accusing him of jeopardising the peace process in a way which could lead to violence. Mr Netanyahu angrily responded. The two leaders have since re-established a modus vivendi after King Hussein visited the schoolgirls' families.

Mr Kabariti often voiced his own views about Israel, sensitive to his Palestinian constituency: 40 per cent of the Jordanian parliamentary deputies are Palestinian. Analysts said this might have tested King Hussein's patience, having another senior official express often critical opinions about the peace process, when the king has had to strike a balance between keeping ties with Israel and recognising the depth *of Palestinian sentiment* at home.

Last week, when Mr Yitzhak Mordechai, Israel's defence minister, visited Amman, HaAretz, the liberal Israeli daily newspaper, reported almost verbatim a conversation between him and Mr Kabariti. Apparently Mr Kabariti said Mr Netanyahu's recent visit to Jordan "was like bad news for us".

His remarks reflected growing frustration among sections of the Jordanian establishment. It had high expectations of the peace treaty with Israel, believing its economy could make gains through tourism and closer business contacts with Israel. The latter have been growing, but *direct foreign* investment has been slow to enter Jordan.

Government asked for more details, or new pact may be threatened

IMF warns Kenya on power contracts

By Michael Holman

Kenya has been warned that two controversial contracts for power plants are threatening efforts to reach a new agreement with the International Monetary Fund.

Officials from both the Fund and the World Bank *have asked the Kenyan government* to provide more details about the contracts, which were awarded last year by the state-owned Kenya Power and Lighting Company. The awards were part of an emergency programme to end the frequent power cuts which are hitting industry and tourism.

Iberafrica of Spain was awarded the contract to supply a diesel-fuelled 44MW unit for the Nairobi South power plant, while Sabah Shipyard of Indonesia will provide a barge-mounted 43MW unit for Mombasa.

Should the officials not be satisfied that the tender process was transparent, and *that the successful bids* were competitive, Kenya's enhanced structural adjustment facility, which is due to expire at the end of next month, is unlikely to be renewed.

The IMF has also expressed concern to Kenya about the pace of the country's privatisation programme. A Fund mission is due to visit Kenya early next month to review progress.

Failure to renew the agreement could have further far-reaching repercussions. World Bank officials have warned that without an IMF deal, the annual donors' meeting would be indefinitely delayed.

A *consultative group* meeting, which is chaired by the bank, and at which donors pledge aid, would normally have been held later this year.

With Kenya expected to hold presidential and parliamentary polls at the end of this year or early next year, a hold-up in the disbursement of aid would be a setback to President Daniel arap Moi's bid for re-election. Kenya is also seeking assistance from donors to cope with the severe drought in the north of the country.

Bank and Fund officials acknowledge that Kenya has made considerable progress in implementing economic *reforms, including trade liberalisation*, lifting foreign exchange controls, cutting inflation, and reducing the budget deficit.

But there is continuing concern about government management, reinforced earlier this year when Mr Nicholas Biwott, former energy and industry minister, was appointed minister in President Moi's office. Mr Biwott was minister in 1986, when the government commissioned French companies to build the Turkwell Gorge dam in nothern Kenya.

The contract was not put out to tender, and angry donors refused to invest in Kenya's energy sector for the *next decade*.

The current IMF agreement is already in difficulties.

A Fund mission last December called for greater progress in the country's privatisation programme, and held back the second tranche of the $216m facility, which had been due for release in October.

France's link man with Africa dies

By David Buchan in Paris

The grand old link man between Gaullism and French Africa, Mr Jacques Foccart, died yesterday in Paris at the age of 83.

With his behind-the-scenes service to three Gaullist presidents, Mr Foccart became famous as France's *Monsieur l'Afrique*, helping Paris through a network of personal relationships and intelligence contacts to maintain its influence in French-speaking countries long after they reached independence in the 1960s.

His death coincides with a crisis in France's African policy. This has been brought to a head by the rebellion sweeping across Zaire as President Mobutu Sese Seko, with whom Mr Foccart had close ties, lies sick with cancer in a Monaco hospital, but includes a broader re-think of the wisdom of basing in several other African countries French troops who inevitably get sucked into internal conflicts.

A wartime Gaullist, Mr Foccart was brought in by President Charles de Gaulle as secretary general for African affairs at the Elysée in 1959 and stayed on in that capacity until President Georges Pompidou's death in 1974.

In these years he helped Paris negotiate defence agreements with its newly independent ex-colonies, and it was rumoured that he kept in his drawer, undated and ready for use, drafts of African leaders' requests for French military intervention. In 1995, when France got another Gaullist leader, he briefly became an informal adviser to President Jacques Chirac on African policy before his final illness set in.

One lasting consequence of Mr Foccart's long presence at the Elysée is that France's African policy is still primarily made in the presidency and carried out by the co-operation ministry whose development role is mainly focused on Africa, with the foreign ministry at the Quai d'Orsay largely cut out of the policy loop.

Mr Jacques Godfrain, the current co-operation minister and a close associate of Mr Foccart, yesterday hailed Mr Foccart "as an essential player in realising independence [for African countries] under the [French] Fifth Republic, who maintained relations of great confidence with numerous *African leaders*".

For years after 1974 a chat with Mr Foccart was a *passage obligé* for any French-speaking African leader visiting Paris. In latter years, however, Mr Foccart was said to have diverged increasingly from the official French line of democratic and economic reform, such as the 50 per cent devaluation in 1994 of the "CFA franc" currency used by much of French Africa.

Foccart: Monsieur l'Afrique

At the time, Mr Chirac, influenced by Mr Foccart, opposed the devaluation move orchestrated by his Gaullist rival, Mr Edouard Balladur, then prime minister. But the Chirac administration has since conceded the currency change has helped revive the region's economy.

Mr Foccart recently described to Le Figaro his network in Africa as informal. "They could include former military, traders, priests," he said. "It is a network of friendships, acquaintances, of relations." He published a first volume of memoirs in 1995 which revealed little, except France's backing for the *Biafran revolt in Nigeria in* the late 1960s.

This was was said to be in exchange for an oil concession promise to the Elf oil company. The extent to which this oil group was used – before it was privatised in 1993 – by French intelligence in Africa has been confirmed in a recent judicial investigation of a former head of Elf-Aquitaine.

Aid impact criticised

By Geoff Dyer in Rio de Janeiro

Governments around the world spend $700bn-$800bn a year on subsidies for economic development projects which will not be sustainable and which are undermining the environment.

These are the conclusions of a report issued by the Earth Council, an international environmental organisation created to spur implementation of Rio'92 Earth Summit commitments.

The study claims that the amount governments spend on unsustainable subsidies for the water, *agriculture*, energy and road transport industries is equivalent to the annual sum spent on arms. Wealthy countries belonging to the Organisation for Economic Co-operation and Development are responsible for two-thirds of the subsidies, the authors claim.

Mr André de Moor, an economist at the Institute for Research on Public Expenditure in the Netherlands and the report's co-author, said that the reduction *of these subsidies* was a "litmus test" of the commitment of governments to meet the promises made at the Earth Summit.

The report was presented yesterday at the Rio+5 conference, which has brought together 500 delegates from industry, non-governmental organisations and UN agencies to look at ways of implementing the *promises made* at the Earth Summit.

NEWS: ASIA-PACIFIC

Chaebol fall sick on surfeit of debt

The financial problems of South Korean conglomerates may lead to industrial consolidation, reports **John Burton**

The collapse of one leading South Korean conglomerate may be a misfortune, but the bankruptcy of a second is a definite sign of carelessness.

The woes of the Sammi and Hanbo groups, two of Korea's top 30 conglomerates, is a clear warning that the nation's corporate debt timebomb is finally exploding and posing a serious threat to the already ailing banking sector.

Korea's highly geared conglomerates, or *chaebol*, are finding it increasingly difficult to service their debts as their sales growth slows.

"The situation is very scary," said one western banker in Seoul.

The rapid expansion of the chaebol during the past decade has left them with excess production capacity in cyclical industries and a mountain of corporate debt. ING Barings Securities estimates that leading Korean listed companies have the highest corporate net debt/equity ratio among Asian competitors at 151 per cent.

The Sammi steel group, which filed for court receivership yesterday, is a classic example of over-expansion as it built up production capacity at home, while entering the North American market by acquiring steel plants in the US and Canada. But it had difficulty servicing its debts of Won1,900bn ($2.2bn) in the face of persistent weak global prices for stainless steel products.

The Hanbo steel and construction group collapsed in January under a debt burden of nearly $6bn as it sought to build the world's sixth biggest steel mill despite predictions that this would prove uneconomical.

The troubles are not only confined to the Korean steel industry. There are worries about the financial strength of the petrochemical and car industries among others.

Analysts responded with concern when Ssangyong, the sixth largest chaebol, announced last week that it would try to sell 49 per cent of its heavily indebted car division to foreign investors.

"It's a sign of desperation," said one analyst, who predicted that Ssangyong would have difficulty finding buyers for a company that threatened to "drag down the entire group" because of debts of more than Won3,000bn and total losses of Won500bn since 1992.

Sammi and Hanbo have shown that investment and lending decisions have often been made without much cost-benefit and credit analysis in the belief that the government would bail out strategic industries. "Korean industry was built on a large dose of optimism. But the Koreans are discovering that their can-do spirit sometimes can't do," said Mr Adrian Cowell with Dresdner Kleinwort Benson in Seoul.

These financial problems were largely hidden during recent export booms, but became apparent when almost all of Korea's main industries – electronics, steel, petrochemicals, cars and ships – suffered a simultaneous cyclical drop in global demand last year and a fall in export prices.

The chaebol also faced higher foreign exchange losses on overseas debt as the Korean currency fell against the US dollar by 8.2 per cent last year due to the widening trade deficit.

The corporate results for 1996 were dismal. Sales for listed affiliates of the top 30 chaebol grew by 16.2 against 27.3 in 1995, while net earnings plunged by 90 per cent against a 81.5 per cent increase a year earlier, according to the Daishin economic research institute. In reality, the results were even worse since the chaebol were allowed to capitalise most of their foreign exchange losses instead of reporting them on their profit/loss statements.

The collapse of Hanbo and now Sammi has added to the chaebol's troubles by increasing already high interest rates, which reached a 18-month high of 12.8 per cent yesterday. The prospects of a credit crunch have also grown as the banks become more cautious.

The six biggest and oldest banks have huge non-performing loans that amount to Won23,300bn, or a startling 14.3 per cent of total lending, according to a recent estimate by the presidential financial reform committee, which used US accounting standards.

Korean banks are now paying increased premiums in borrowing capital from foreign banks because of fears about their creditworthiness. Moreover, 58.5 per cent of Korea's total overseas debt of $110bn is short-term loans of less than year, which accounts for 4.6 per cent of its GDP.

The Samsung Economic Research Institute yesterday warned Korea was close to a financial crisis because of a slowdown in economic growth below 5 per cent, continued depreciation of the Korean currency, rising interest rates and a heavy dependence on short-term international loans.

Many analysts believe that the financial problems will lead to a consolidation in Korea's main industrial sectors. Mr Kang Kyung-shik, the new finance and economy minister, has indicated the government will allow uncompetitive companies to collapse or merge.

In an effort to encourage mergers and acquisitions, the government yesterday said it would not allow target companies of hostile takeover bids to issue convertible bonds to friendly shareholders as a defence against corporate raiders.

Mr Kang, who is expected to unveil a new economic reform package this week, has also hinted that Korea will accelerate the opening of its financial markets to foreign capital to ease high interest rates. If bold reform occurs the collapse of Sammi and Hanbo could prove a blessing in disguise.

Burma imposes martial law in Mandalay

By Ted Bardacke in Bangkok

Burma's military government has imposed martial law and a night-time curfew in Mandalay, the country's second city, following a series of attacks on Moslems by Buddhist monks.

The government said the unrest was an attempt to derail Burma's expected entry later this year into the Association of South-east Asian Nations, which is seen by critics of Rangoon as strengthening legitimacy of the military regime.

Attacks by monks on Moslem mosques and neighbourhoods began last weekend, according to residents in Mandalay and diplomats in the capital, Rangoon. The attacks apparently began after reports reached several temples that a young Moslem had assaulted a Burmese girl. Groups of young monks then began roaming the streets.

The government crackdown has included blocking main roads and closing the main market. More than 90 per cent of the population of Mandalay, Burma's cultural and religious centre, is Buddhist. Monks from Mandalay have in the past spearheaded political protests, along with students and civil servants.

Monks played an important role in the democracy uprisings of 1988 and 1990 but have recently kept a low profile, with the government pursuing a policy of repression and co-opting them.

A government spokesman said: "Some elements are exploiting the situation by trying to promote misunderstanding between the two religions.

"The main reason [is] to create unrest in the country by creating disturbances where and when opportunity arises, to create misunderstanding between Myanmar [Burma] and her Asean friends, especially with Indonesia and Malaysia, both Islamic nations."

Malaysia and Indonesia are seen as the strongest backers of Burma's request to join Asean, expected to be formalised in July.

The disturbances are the second bout of unrest to hit Mandalay. Its two main universities have been closed since student demonstrations swept Burma last December. Monks were often seen gathering near the demonstrators in both Mandalay and Rangoon.

Staff at Japan N-plant played golf during fire

By Gwen Robinson in Tokyo

Senior officials at a Japanese nuclear plant, where two fires and an explosion occurred on March 11 in the country's worst nuclear plant accident, played golf during and after the accident.

Workers in charge of plant repairs at the nuclear fuel reprocessing plant in Tokaimura began a four-day golf tournament on the day of the accident. They continued playing the next day although it was clear that damage was more serious than initially thought.

Investigators' findings of official indifference and mishandling of emergency procedures in the aftermath of the accident have provoked widespread criticism and are likely to heighten public opposition to the government's ambitious nuclear power programme.

Japan derives more than a third of its energy from 52 nuclear reactors, and plans to increase the number of nuclear plants into the next century.

Mr Toshiyuki Kondo, chief of the government's Power Reactor and Nuclear Fuel Development Corporation (Donen), apologised to a parliamentary committee on Tuesday after a committee member said it was "unbelievable that Donen employees would play golf at such a critical period of time".

A Donen spokesman, Mr Ryuichi Mukaibo, said the company had approved the golf tournament and that accidents "did not necessarily" require workers at the plant, 70 miles northeast of Tokyo, to suspend such activities.

One of the employees who participated in the tournament added that his group had thought "it would be wrong" to cancel the game on the day they had reserved the golf course.

Donen has repeatedly claimed the accident posed no serious bodily or environmental threat. But in the aftermath, daily disclosures of delays in handling the emergency and failures by nuclear officials to fully report the damage have been prominently displayed in Japanese media.

Donen's initial claim that radiation was limited to the facility in which the fires had occurred was found to be incorrect, and the organisation was forced to admit that radiation spread to neighbouring facilities and possibly, beyond.

Thirty-seven employees at the plant were exposed to radiation. Nuclear experts said that the degree of the workers' exposure was not sufficient to pose immediate risk to their health – if Donen's data was correct – but warned that longer-term effects could not be ruled out.

The recent revelations follow disclosures of cover-ups and mishandling of safety procedures by Donen in the massive leak of sodium coolant at an experimental fast-breeder reactor in northern Japan in December, 1995. An investigation of that accident and a review of nuclear policy led to the government's fresh endorsement in January of the country's nuclear programme.

China raises stakes in Vietnam oil row

By Jeremy Grant in Hanoi and Tony Walker in Beijing

China has raised the stakes in a simmering territorial dispute with Vietnam by moving an oil exploration vessel near the Vietnamese coast in the Gulf of Tonkin.

It is a provocative gesture which underlines Beijing's determination to exploit potentially oil and gas-rich deposits in disputed waters.

China's decision to risk Vietnam's ire – it is exploring just 65 nautical miles from the Vietnamese coast – indicates it is fairly confident the drilling area is prospective, and may rival the rich Yacheng deposit 50km to the east.

Yacheng, whose confirmed reserves stand at 3,400bn cu ft of gas, is in undisputed Chinese territorial waters. Operated by Atlantic Richfield (Arco) of the US, it supplies gas to Hong Kong and to nearby Hainan Island.

In Hanoi, western officials and the Vietnamese themselves are perplexed as to why China has decided now to boost their exploration presence in the Gulf of Tonkin, perhaps jeopardising steadily improving Sino-Vietnam relations.

One theory is that Beijing reckons it can afford to test Hanoi over the area, near the Paracel Islands, since it is a dispute which simply involves China and Vietnam, not other regional states.

China seems more cautious about searching for oil in the Spratlys islands group further south. The Spratlys are the subject of claims by a number of Association of South East Asian (Asean) states, including Vietnam.

"They will measure the strength of the response and that of the international and regional community and then they will take it further," a Vietnamese political analyst said. An Asean diplomat declared: "If the Chinese can make a move like this, they can make similar moves elsewhere."

The issue is difficult for Vietnam, which has made much of warming Sino-Vietnamese ties.

It is also keen to see nothing disrupts access through the Gulf of Tonkin to Haiphong port, the economic gateway to northern Vietnam and Hanoi, the capital.

"We will continue to protest to make clear the legal position to the international community. But we will try to avoid force, as any action could complicate the situation," Mr Tran Cong Truc, chairman of the Vietnamese government's Committee on Frontier Issues, said.

The Chinese rig, the Kan Tan 111, is operating in an area designated by Vietnam as Block 113. Oil industry officials say China has been drilling close to Block 113 for years, penetrating further into disputed waters.

It now appears Beijing has decided to increase pressure and the Vietnamese, aware of Chinese activity in the area for some time, have chosen to react. Hanoi has lodged stiff protests largely ignored by Beijing.

"I think the Chinese really have pushed on the issue. As they've drilled closer and closer, the tolerance level has fallen further and further," an US oil industry executive said.

Like China, which became a net importer of hydrocarbons in 1995, Vietnam's oilfields are becoming mature and it is under pressure to find new oil and gas deposits. PetroVietnam, the state petroleum company, plans to step up offshore exploration and is thought to be going to drill two wells in the area around Block 113.

Also, Conoco and Unocal of the US are understood to have proposed joint exploration with PetroVietnam in the areas. Russian companies are also interested.

PNG premier offers olive branch

By Nikki Tait in Sydney and agencies

Papua New Guinea's prime minister, Sir Julius Chan, yesterday said his government would consider dropping a controversial plan to use mercenaries against secessionist rebels on Bougainville island.

His statement followed an anti-government demonstration outside the main army barracks in the capital, Port Moresby – the first display of public support for Brigadier General Jerry Singirok, who was dismissed on Tuesday as head of PNG's armed forces. On Monday, Gen Singirok had called on Sir Julius to resign over his decision to call in mercenaries to help resolve Bougainville island's eight-year guerrilla war – but found himself sacked instead.

Sir Julius's apparent attempt to defuse the tension came amid unconfirmed reports that PNG had already cancelled its contract with British-based Sandline International for hire of the mercenaries.

Meanwhile, Australia stepped up its diplomatic involvement in the crisis yesterday, with Mr John Howard, prime minister, sending Mr Philip Flood, head of the foreign affairs department, to Port Moresby as a "personal emissary". He was accompanied by two other senior officials.

The demonstration by several thousand people outside the Murray Barracks yesterday morning, protesting at the sacking of Gen Singirok and calling for the resignations of Sir Julius and other senior ministers, was followed by looting as several hundred protesters ran amok in a nearby shopping area. Authorities fired tear gas to disperse the crowd. Soldiers remain confined to barracks.

Port Moresby was last night covered by a curfew. There were some suggestions that a larger rally would take place today.

Mr Howard told the federal parliament that he had spoken to Sir Julius and had warned against the use of mercenaries.

ASIA-PACIFIC NEWS DIGEST

Taiwan curbs China ventures

Taiwan yesterday warned it would clamp down on companies making "unauthorised" investments in China and promised to punish transgressors.

Taiwan's economics ministry said China projects must be approved by Taipei; government agencies would monitor suspected investors' fund flows, tax payments and "any illegal matters". The Securities and Exchange Commission vowed stricter screening of rights issues and stock market listings. However, the measures are unlikely to have a lasting impact, as many Taiwanese companies have established overseas entities and secretly route their China investments through such channels.

Taiwan bans direct investments in China, but some US$30bn in authorised "indirect" investment has flowed into the mainland under a political thaw. Banking sector and big infrastructural investments such as steel and power plants are banned. *Laura Tyson, Taipei*

Malaysia accepts apology

Malaysia yesterday accepted an apology from Mr Lee Kuan Yew, Singapore's senior minister, for his remarks that a southern Malaysian state was "notorious for shootings, muggings and car-jackings". But the acceptance stopped short of forgiveness.

"It should be acknowledged that this episode has deeply hurt Malaysians of all sections of society and that restoration of the old level of relationship would take time," a statement from Mr Abdullah Badawi, Malaysian foreign minister, said.

The acknowledgement of the apology is likely to reassure stock market investors and currency dealers in Singapore, some of whom have been uncertain as to how much damage to bilateral relations would be caused. It is unlikely the effect on relations will have any visible impact, economists said. *James Kynge, Kuala Lumpur*

Ramos confirms Korean's stay

Philippine President Fidel Ramos yesterday confirmed for the first time his government was hosting the North Korean defector, Mr Hwang Jang-yop, "for as long as necessary and as short as possible".

"The decision. . . .to assist in resolving the difficulties regarding Mr Hwang's continued stay in the South Korean embassy in Beijing was based on our desire to be of help to our neighbours in their need for third-country facilities and to ease the tension in the Korean peninsula," President Ramos said, declining to comment on Mr Hwang's whereabouts.

● The Philippines' balance of payments surplus for February jumped 181 per cent from a year ago to $706m. The central bank is forecasting a balance of payments surplus of $2.9bn for 1997. *Justin Marozzi, Manila*

Interim report finds that EU import rules discriminate against Latin American growers

WTO puts skids under banana regime

By Guy de Jonquières and Maggie Urry

The European Union will need to modify its controversial banana import regime, which favours small Caribbean producer countries, if an interim report on the scheme by a World Trade Organisation disputes panel is adopted.

It emerged yesterday that the 400-page interim report broadly upholds a complaint by the US and four Latin American countries that the regime violates WTO rules by discriminating against their growers and marketing companies.

The Caribbean Banana Exporters' Association, which represents growers in Belize, Jamaica, Surinam and the Windward Islands, expressed alarm at the WTO panel's report, saying it could have devastating consequences for the countries' economies.

One trade diplomat said the report found "fundamental elements" of the regime inconsistent with WTO obligations. European Commission officials conceded the draft ruling called for changes in the regime, although they were unsure how sweeping these would be.

The EU is expected to challenge some of the report's facts and arguments next month, before the three-member disputes panel issues its final ruling. The EU could then ask the WTO's appeals tribunal to review the ruling.

The EU says its preferential trade arrangements are essential to the welfare of Caribbean islands which depend heavily on banana exports. These are sold at prices much higher than rival fruit produced in Latin American countries.

Critics, who include EU members such as Germany, say the regime is unduly restrictive and distorts markets. World Bank studies have called the regime highly inefficient, and urged the EU to replace it with more generous development aid.

The report is said to find two main aspects of the regime inconsistent with WTO rules. One is an arrangement which guarantees traditional importers of bananas from African, Caribbean and Pacific (ACP) countries 30 per cent of the total EU banana market.

One trade diplomat said abolition of the arrangement could lead traditional importers to spurn bananas from Caribbean producers and increase their purchases of cheaper fruit from Latin America.

The report also finds against an EU agreement with Colombia, Costa Rica, Nicaragua and Venezuela which effectively gives exporters in these countries higher prices than those enjoyed by other Latin American growers.

The WTO panel says that agreement should either be scrapped or extended to all countries which export bananas to the EU.

The report says the EU has acted unreasonably by setting import quotas for Caribbean producers at levels well above their maximum exports in the past. However, it does not explicitly condemn the practice as a violation of WTO rules.

The EU can take consolation from the fact that the report does not find against a two-year-old waiver which exempts the Lomé Convention – Brussels' main trade-and-aid instrument – from the full force of WTO rules. The report also backs the EU's preferential tariffs on Caribbean banana exports.

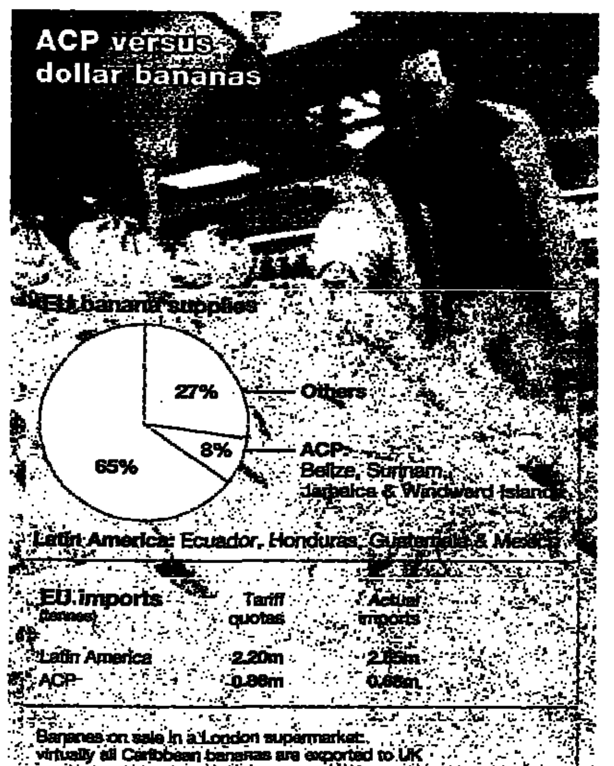
The EU's banana regime has twice been condemned by disputes panels in the General Agreement on Tariffs and Trade. The EU blocked these findings but is obliged to accept rulings by the WTO.

The EU's regime, which dates from 1993 and was extended in 1995, superseded its members' national arrangements for banana imports. Countries such as Germany, which previously had open markets, complain that the scheme discriminates against consumers.

However, the regime is fiercely defended by other EU members, including Britain which buys most of the 350,000 tonnes of bananas which Caribbean growers sell to the EU annually. Their exports account for about 8 per cent of the EU banana market.

Canute James adds: Producers in the Windward Islands – Dominica, Grenada, St Lucia and St Vincent – would be particularly hard hit if the ruling was implemented.

The guaranteed EU market of 294,000 tonnes for the four islands accounts for 50 per cent of exports and 15 per cent of gross domestic product. Exports are less economically important, but still valuable, to Jamaica, Belize and Surinam, the region's other main exporters to the EU.



Bananas on sale in a London supermarket: virtually all Caribbean bananas are exported to UK

Czechs agree gas deal with Norway

By Vincent Boland, Prague Correspondent

The Czech Republic agreed a long-term contract yesterday to import gas from Norway, achieving a key strategic aim of ending its dependence on supplies from Russia in spite of intense pressure from Moscow to extend its ties with Gazprom.

Under the deal Prague will buy up to 3bn cubic metres of Norwegian gas a year for 20 years to meet an expected surge in demand. Czechs now use about 9bn cubic metres a year, all from Russia, but this is expected to rise to 12bn cubic metres in the next few years.

The gas will be supplied by Statoil, Saga Petroleum and Norsk Hydro, starting on May 1. A final contract is expected to be signed with Transgas, the Czech importer, after both governments formally approve the deal. Some 53bn cubic metres will be supplied over the period of the contract.

Mr Vladimir Dlouhý, the Czech industry minister, said the Norwegian option, one of several the government studied, was the cheapest and met its goal of expanding the country's sources of energy supplies.

This is part of the government's strategy of weaning the country off its 50-year dependency on Russian energy. Last year the Czech Republic began importing Middle Eastern crude oil through the Ingolstadt pipeline from Germany. CEZ, the electricity utility, is completing a Russian-designed nuclear power station with Westinghouse of the US.

The Czech air force is also considering a western solution to the upgrading of its fighter aircraft, replacing Russian-built MiGs in preparation for an expected invitation this year to join Nato.

Gazprom will remain the dominant supplier of Czech gas needs but is likely to face further competition as Poland and Hungary seek additional suppliers. Statoil executives said yesterday they would be bidding for those contracts.

Lobbies battle over EU duties on fabrics

By Jenny Luesby

Fabric makers and users around the world will today be waiting nervously as the European Union's anti-dumping committee decides on its most controversial action in years: on cotton fabrics.

The Commission has found producers in six countries – India, Pakistan, Indonesia, China, Egypt and Turkey – guilty of selling the fabric at knock-down prices in Europe.

It has already imposed hefty duties on a provisional basis. It now hopes to follow through with a formal five-year action.

But the case is riddled with anomalies.

The action seeks to protect Europe's shrinking fabric weaving sector. It is the outcome of three applications: the first two failed. This has left its backer, Eurocoton, adept at presenting its case. Eurocoton says exporters maintained sales at quota levels by holding down prices as raw material costs soared. The Commission's findings support this claim.

However, a much larger group of European producers – involved in dyeing and printing fabrics or making them into home furnishings and clothing – claim the duties threaten their future.

The two lobbies have been competing with claim and counter-claim over how many jobs will be lost.

As a result, when Brussels first recommended the action, nine of Europe's 15 member states said they would oppose it. This prompted the Commission to send out a supplementary round of questionnaires to fabric users, but only 93 of 450 were deemed usable.

Thus, it remains anyone's guess who will suffer most.

Meanwhile, Europe is not the only source of opposition. Turkey is aggrieved that it should have been named at all. "It makes a nonsense of a customs union between Europe and Turkey to impose dumping duties on Turkish producers," said a Turkish representative.

And all the exporters contest the Commission's methods. Brussels used a mixture of pricing calculations in establishing dumping. Some excluded the highest prices charged in Europe and the lowest in the exporters' home markets.

The Commission is satisfied its reasons for doing this comply with World Trade Organisation rules. But its action highlights an added complication: the European version of the WTO agreement has dropped a sentence relating to the use of pricing calculations.

"This is more than risky. It is really very serious," says one trade expert. "Europe is not allowed just to cut elements from the agreement." On this basis alone, lawyers for the exporters believe they have grounds to contest the case.

European weavers have been losing sales, but the sales of the named exporters have been static. It is other exporters, not constrained by quotas, that have increased market share.

This argument reflects a widely voiced fear: that as Europe phases out textiles quotas under the Uruguay Round agreement, it will employ anti-dumping actions to extend or continue them.

US to charge for use of airspace

By Leyla Boulton in Washington

The US is to step into line with international practice by charging foreign aircraft for flying through its airspace, the Federal Aviation Administration said yesterday.

Aircraft which do not take off or land in the US do not pay for air traffic control services, although most other countries levy a fee on operators over-flying their territory.

The FAA expects to raise $93m a year from the move, which is due to come into effect on May 19 after interested parties have had a chance to raise objections. The authority says flights affected would include those from Europe to Mexico and through large segments of airspace in the Pacific controlled by the US.

Mr John Rodgers, an FAA official, said that user fees would affect mainly commercial airlines, which would be charged $78.90 per 100 nautical miles for over-flying US territory, compared with other aircraft which would pay $4.38-$15.78 per 100 nautical miles.

Mr Rodgers said the FAA spent an estimated $90m providing air traffic control services for which it was not reimbursed.

Although the fees would cover these costs in the first year of the new system, Mr Mike Korens, an aviation consultant, said that more than half the money raised in subsequent years would help fund the government's Essential Air Service Programme.

The programme subsidises US airlines for operating otherwise unprofitable flights from remote locations to regional hubs, enabling farmers and other rural inhabitants to travel around the country.

Mr Korens said the new fees were not just "about fairness, because US carriers pay similar fees around the rest of the world, but a means of providing stable funding" for the domestic subsidy programme, which had suffered big budget cuts.

NEWS: THE AMERICAS

Latin America's economic prospects are seen as rosy if reforms continue

Eyes light up at doubling growth

Latin America's social problems are such that few would argue that the region does not need fast growth. But the forecast at the annual meeting in Barcelona of the Inter-American Development Bank that the region's growth rate could double from the average 3 per cent of the early 1990s raised some eyebrows.

The prediction, by Mr Enrique Iglesias, IADB president, was slightly hedged. It depended on implementation of a new generation of reforms by governments that would allow the region's investment rate to rise from an average 21 per cent to 27 per cent of gross domestic product.

The 6 per cent growth rate implied by Mr Iglesias's forecast is still some way ahead of expectations for growth in the next two years. According to the chief economist for Latin America at the World Bank, Mr Guillermo Perry, average growth this year should be 4.3 per cent and next year 4.6 per cent, while the International Monetary Fund – factoring in a slight rise in US interest rates – is forecasting 4.5 per cent this year.

This growth, says Mr Perry, will be reasonably even across the main economies; most are forecast to grow at between 4 and 5 per cent. A growing body of economic research from the IADB and World Bank suggests the reforms taken by governments so far to open economies and give a greater role to the market helped increase growth in Latin America by some 2 percentage points a year in the early 1990s, overtaking the average world growth rate.

There is considerable agreement among the Washington institutions about what needs to be done next. Mr Perry at the World Bank mentions five main themes:

- Fiscal strengthening. This is more than the budget adjustments of the 1980s and 1990s, but a more structural change in tax systems. A stronger fiscal stance keeps interest rates lower and "converts capital inflows into increases in investment and not consumption".
- More solid and efficient financial markets, avoiding the devastating banking collapses in the mid-1990s in some countries.
- Improving the coverage – but mainly the quality – of education and health.
- Improving the legal and regulatory environment.
- Increasing the effectiveness of the public sector.

Reforms to ease the many rigidities of Latin American labour markets were also important but economic evidence suggested they had a limited effect on growth, he said. They would have, however, a favourable impact on the region's highly unequal income distribution by increasing the numbers in formal employment.

Enrique Iglesias: president Inter-American Development Bank

A growing number of countries is also acting to increase the region's inadequate savings rate through the introduction of private pension systems. However, the short-term impact on savings is usually negligible or negative because the government has to take on extra budget responsibilities to finance those in the defunct state system.

This means that the region continues for the foreseeable future to need access to external capital and therefore remains vulnerable to a significant tightening of international liquidity. However, while there are some expectations of a rise in US interest rates as soon as next week, few forecasters see a sharp rise in US interest rates as necessary.

Even if a rise in US short-term rates is greater than the 1 percentage point that is viewed as the likely maximum, a number of factors are likely to mitigate against another Latin American crisis.

In the first place, the economic positions of the countries are stronger: there are no outlandish current account deficits and governments have worked hard to reduce the amount of short-term debt they owe. Neither is it evident that there exist the concentrations of risk among US or other institutions that built up in 1994 in Mexico.

In Brazil, which has the weakest budget and current account position, political risk is viewed to have fallen significantly with likely passage of a constitutional amendment allowing President Fernando Henrique Cardoso to stand again. "I'm very confident about Brazil," said Mr Javed Burki, the World Bank's regional vice-president for Latin America and the Caribbean.

However, further economic reform cannot be taken for granted, as mid-term elections loom in Argentina and Mexico, the institutions say. Mr Claudio Loser, director of the western hemisphere department of the IMF, said he has detected "reform fatigue" among the region's politicians. "I'm more and more convinced of the importance of investment in a social safety net and social infrastructure to make these reforms stick. We have had reforms that have been successful from an economic point of view, but there is no political support in increasingly democratic societies.

"Therefore, the risk remains that they could be reversed." The cost of such social measures to increase public support, he said, would "not be that high" and could be accomplished while maintaining the principles of sound economic management.

Stephen Fidler

US inflation stays subdued

By Gerard Baker in Washington

Consumer price inflation in the US remained subdued last month in spite of continuing strong economic growth, the Labour Department reported yesterday.

Prices rose by a seasonally-adjusted 0.3 per cent in February from a month earlier, following a 0.1 per cent increase in January. Over the last year the consumer price index rose 3 per cent.

In the three months to February, prices rose at an annual rate of 2.5 per cent. But the bulk of that increase came from energy prices, especially petrol, gas and electricity. Excluding food and energy, the core index rose 0.2 per cent last month, and at an annual rate of just 2.2 per cent in the three months to February.

The figures provided further evidence of the unusually benign condition of the US economy. Next month the current expansion will enter its seventh year, but in spite of the protracted nature of the upswing and an unemployment rate of just 5.2 per cent, there are few signs of the kind of rising inflation normally associated with such strong demand conditions. This weakness of price pressures has been evident not only at the consumer price level but also in producer prices.

A number of explanations have been advanced. Strong improvements in manufacturing productivity, increasing global competition, and continuing worker insecurity about job prospects may all have contributed.

But in the last few months there has been a clear quickening of the pace of economic growth. In the last quarter of 1996, the economy grew at an annual rate of 3.9 per cent. That momentum seems to have been carried over into the first three months of 1997, when growth seems likely to have reached at least 3.5 per cent. That rate is not one that even the most optimistic economists believe to be sustainable without provoking an acceleration of inflation.

Next week the Federal Reserve's policy-making open market committee meets to determine whether or not to raise short-term interest rates. Though the continuing evidence of very weak price inflation will weigh heavily in its members' decision, they will clearly also be anxious to ensure that growth slows in the next few months. That may require a gentle tightening of monetary policy soon.

US coalition says 'cyberporn' law would end free speech

By Patti Waldmeir in Washington

The Internet indecency law passed last year by the US Congress is unconstitutional because it would ban free speech in cyberspace, lawyers challenging the law argued yesterday before the Supreme Court.

The nine justices of the country's highest court yesterday heard arguments on the controversial "cyberporn" case, in which a broad coalition of online service providers, libraries, publishers and free speech advocates are challenging the constitutionality of the Communications Decency Act. The aim of the law is to protect children from sexually explicit material by regulating indecent words and pictures on the Internet.

Legal experts say it is the most important free speech case in a quarter of a century, and will significantly affect not only the future of the Internet but the government's role in regulating twenty-first century forms of communication.

"The CDA bans speech. It won't be effective, and there are less restrictive alternatives that would be much more effective," Mr Bruce Ennis, advocate for the coalition challenging the law, told the court.

The Supreme Court ruled yesterday that the federal government can be sued for doing too much to protect some endangered species, writes Patti Waldmeir.

Environmental disputes across the country could be affected by the ruling, which shifts the balance of power toward property owners and away from environmental activists. Republicans came to power in Congress in 1994 fighting what they say is too much environmental regulation.

Lower courts in the US had said that those who suffered economic harm as a result of efforts to protect endangered species were not allowed to sue over how federal law was enforced.

The Supreme Court over-ruled them.

The case involved a government decision to cut off irrigation water to farms in Oregon during a drought, to protect two species of fish. Property rights advocates were delighted. "It's terrific," said Ms Nancy Marzulla of Defenders of Property Rights.

He argued that, because of the nature of the Internet, a law which makes it a crime to transmit sexually explicit material to children would have the effect of banning all such material for adults as well. "The CDA completely bans a vast amount of speech which is constitutionally protected for adults," he said, because it is either impossible or prohibitively costly to verify the age of an internet user. Under the law, anyone who places "indecent" material on the Internet – and thus within reach of children – would be liable to prosecution.

Yesterday the government's attorney, Mr Seth Waxman, said the law was needed to protect children. "The Internet threatens to give every child with access to an interactive computer a free pass into the equivalent of every adult bookstore and video outlet in the country," he said.

The case will turn largely on the effectiveness of software technologies designed to filter Internet material for children. The crux of the issue, said Mr Ennis, is "what is possible and impossible in cyberspace".

The justices complained yesterday that this was a moving target. "Is it possible that this is unconstitutional today, but will be constitutional two days from now?" asked Justice Antonin Scalia.

The free speech coalition argued yesterday that it would be prohibitively expensive for providers of material to screen for age – principally through the use of a credit card as verification – and that this would disadvantage many groups such as libraries which seek to put works of art involving nudity on the Internet. And the 40 per cent of material which originates from outside the US could not be controlled under the new law, they said.

Handgun fillip for LA police

By Christopher Parkes in Los Angeles

Los Angeles police, hopelessly out-gunned in a shoot-out with a pair of Hollywood bank robbers this month, are to be armed with more "knock-down" firepower.

The routine deployment of assault rifles, "make-my-day" .45-calibre handguns and shotgun ammunition the size of marbles has been approved by the city's police commission following a surge of public support for the beleaguered force.

"This is not an arms race," said Mr Raymond Fisher, police commission president, as rank and file officers celebrated the ability to "put a guy down on the first hit."

The ineffectiveness of the LAPD's standard-issue 9mm pistols was demonstrated live on local television recently as a Hollywood residential area was turned into a war zone by two bank robbers armed with automatic rifles and protected by heavy body armour.

Seventeen police and bystanders were wounded as armour-piercing bullets tore through car barricades, walls and houses, while the answering fire had no apparent impact.

Police stressed the new official arsenal was not intended to kill more criminals, but to increase "stopping power" and reduce the number of shots needed to halt an armed or crazed suspect.

This, they said, would reduce the risk to innocent lives from stray bullets.

CORRECTION

Bahamas inflation

The 1996 inflation rate for the Bahamas quoted in the illustration on the front page of the Latin American Finance survey in the Financial Times on Friday, March 14 1997 was incorrect. It should have read 1.76 per cent for 1996, according to official government statistics.

Fresh drive to recycle derelict land in US

By Leyla Boulton in Washington

The Environmental Protection Agency, backed by Democrats in Congress, yesterday launched a new effort to recycle derelict land across the US with a plan to exempt developers from responsibility for contamination by a site's previous owners.

A new bill, submitted to the House of Representatives by Mr Richard Gephardt, leader of the Democratic minority, aims to circumvent a long-running dispute between Democrats and Republicans over how to reform the multi-billion-dollar contaminated land programme.

The 15-year Superfund programme, set up to collect money from companies deemed responsible for polluting land, has run into funding difficulties and multi-million dollar lawsuits from businesses affected by it.

The proposed new legislation would provide $60m a year in federal seed money to encourage business to team up with local governments to clean up sites suffering from minor contamination. It would also protect entrepreneurs who agreed to acquire such derelict sites for redevelopment from any clean-up responsibility under Superfund.

Representative John Dingell, a Democrat from Michigan who is co-sponsoring the bill, estimated there were at least 3,000 derelict sites across the country covering tens of thousands of acres of land.

Ms Carol Browner, the EPA chief who helped design the new bill, said "our goal is to encourage redevelopment by assuring potential developers...they will not be asked to clean up a problem they did not cause".

The bill was welcomed by local officials such as Mr Dennis Archer, the Democratic mayor of Detroit, a city riddled with derelict sites. He said it took "positive steps toward encouraging prospective purchasers to give real and thoughtful consideration" to joining efforts to regenerate American cities.

The bill's co-sponsors urged the Republican majority to forget partisan differences over Superfund reform in order to push through the more limited reform they are proposing. Ms Browner said communities afflicted by urban blight needed the new legislation now and "should not have to wait for completion of the much broader and more complex" Superfund reform.

Tax breaks proposed by President Bill Clinton for businesses which undertake to clean contaminated sites which they did not pollute have been held hostage to wrangles between the White House and Congress over how to balance the US budget.

Low turnout aids former rebels in El Salvador

By Johanna Tuckman

Only two out of every five eligible voters went to the polls in El Salvador's general elections on Sunday and many of them appear to have backed the left.

Preliminary results available yesterday showed the FMLN party of former rebels winning as many seats as the governing Arena party in the national assembly. Arena's 39 seats fell to 30 and the FMLN's rose from 14. The two parties both vowed to begin building alliances with smaller parties who gained the remaining seats in the 84-member assembly.

International observers noted minor irregularities but pronounced the elections free and fair.

Three months ago Arena thought it would win these elections easily.

"Now they face losing the presidential race in 1999 [when President Armando Calderon Sol's term ends]," said Mr Rafael Guido Bejar, a political analyst from the Central American University in San Salvador.

Mr Bejar said the only way Arena could regain credibility with the electorate was by increasing spending on health, education, housing and jobs. The government's fiscal policy will also come under pressure if the FMLN fulfills its electoral promise to push for a reduction of VAT from its current level of 13 per cent. VAT, increased from 10 per cent in 1995, is blamed for a punishing rise in the cost of living over the last year.

The FMLN is also committed to challenging Arena's privatisation programme. This would involve forcing a revision of the existing law that sets the framework for the sale of the state telephone monopoly Anteland influencing similar legislation planned for the electricity sector later this year.

The original March target date for the sale of 51 per cent of Antel to two foreign investors has already been postponed to May.

Further delays are now likely.

"We do not want to stop the whole thing," said FMLN spokesman Mr Hugo Martinez, "just modify certain articles of the law."

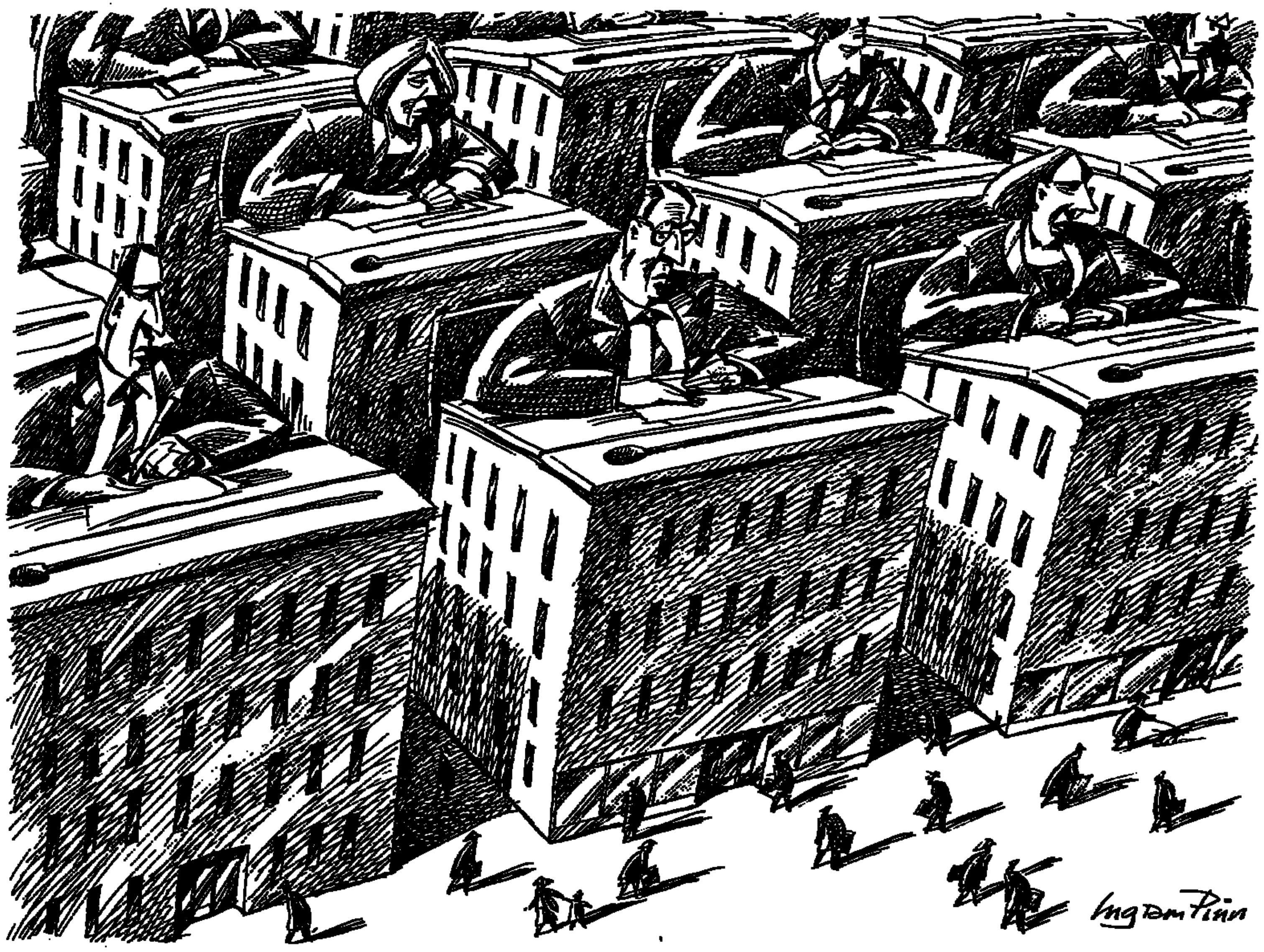
Meanwhile, local analysts expect some high-profile heads in the government to roll including Mr Enrique Hinds, treasury minister.

Some of Arena's policies have upset important industrialists and the agricultural sector, said Mr Bejar. The election fallout could mean plans to reduce import tariffs on finished goods will be put on hold in order not to further antagonise big local businesses who have long operated under a protective umbrella.

EXECUTIVE EDUCATION

The successful management of change is now as important for business educators as students. **Della Bradshaw** explains why

New challenges in a brave new world



In the US these days there is a new breed of employee in the human resources department. He or she has only one task: to decide which management schools the company should work with.

This employee visits schools, sits in on courses and then publishes an in-house consumer guide, usually on the company's internal electronic messaging system or intranet – in much the same way as other employees publish information about health insurance or company cars.

The development reflects the three big trends in executive education.

First is the enormous proliferation in the number of programmes: increased choice from business schools, consultancies and individual training companies makes course selection a minefield.

Second, after years of downsizing, is a return to training as a means of bolstering remaining staff and gaining a competitive edge. (Business schools are booming: Wharton, in the US, expects 10,000 participants on its executive courses this year; IMD, in Switzerland expects 3,500; and London Business School will welcome a further 3,000.)

Third, is a change in the way companies perceive the role of schools. Organisations today do not want to buy off-the-shelf courses, any more than they want to buy off-the-shelf computer systems. They are looking for long-term partnerships with their suppliers.

Such new credibility is not without its challenges for business educators: because companies now take them more seriously, schools are being faced with more sophisticated demands. "Increasingly, the segment is more about how to help organisations understand what they're going to do for the next 10 years. Before, they knew what they wanted and we helped them put that in place," says Mr Colin Carnall, director of programmes at Henley Management College in the UK.

This means that business schools are often treading a fine line between education and consultancy. To differentiate themselves from consultants – although the distinction is frequently blurred – they are spending more of their budgets on research and are disseminating the data through forums or sponsored seminars.

It also means organisations have an increasingly complex selection process. "Companies tend to choose a number of business schools around the world, say eight of them, and then they choose the programmes each can offer to fit their internal needs," says Mr Sylvain Daudel, marketing and key account director for executive education public programmes at Insead in Fontainebleau.

Moreover, companies are opting for a mix of open and company-specific programmes and are looking for different business schools for different organisational levels – one to run courses for middle managers, say, and another to handle board members. Others, again, could be chosen for their master of business administration (MBA) or executive MBA programmes. And business schools are increasingly being asked to deliver joint courses.

In the UK, the Institute of Directors has taken an instrumental role in the design of a course for those joining company boards. It is taught by three schools: Ashridge Management College, Henley Management College and Manchester Business School.

Companies, too, are developing their own partnerships, creating the demand for courses across sectoral and regional groupings. The University of Michigan Business School, for example, has set up an Asia-Pacific Human Resource Partnership, where 30 companies – including traditional rivals such as GE, Philips and Samsung – meet for seminars and research briefings on human resource issues in the area.

The proliferation of courses and course types, and the increase in the number of suppliers, have meant that it is often difficult to distinguish where the future of executive education lies. "Lots of things are happening, but we have difficulty deciding which are important and which we can ignore," says Mr James Pulcrano, director of marketing for executive programmes at IMD, the Lausanne-based executive education specialists.

However, some trends are clear-cut. Demand is increasing for all types of courses but particularly strongly for company-specific programmes, at more than 30 per cent a year.

Company-specific courses tend to be the speciality of the smaller, more innovative business schools and individual trainers – the more traditional, larger schools, especially in the US, are still masters of the open course.

Alongside this, organisations are looking for ways to evaluate how successful courses have been and many are working with business schools to measure the increased effectiveness of employees. Much of this work centres around a full assessment of employees before they attend a course and tailoring the material to their precise needs.

Top executives are not only more willing to take courses themselves but are also increasingly involved in determining how their managers are taught and by whom. Just as companies are becoming more discriminating in their choice of training organisations, so too, however, are employees. With the "job for life" no longer the norm – if it ever was – the issue for employees is life-long employability and the need for portable skills and qualifications.

According to Ms Alison McGrath Peirce, one of the directors for executive education at Wharton, this need has altered the way business schools view the courses they provide. "In the past, one would have thought of a corporate model. But with the shift in control we are now thinking more of an individual model," she says.

As the market for executive courses becomes increasingly international there are also language issues that need to be addressed. Many of Europe's local schools, which teach in Italian, Spanish or Greek, rather than English, are finding it increasingly difficult to attract managers who aspire to perform an international role in their organisation. The preference of these managers is to study alongside English-speaking peers who come from a range of national backgrounds.

One of the biggest dilemmas facing business schools, however, is how best to exploit the trend towards "on-site" management education. Management digests and reviews have traditionally been the most effective route but these days technology is inevitably playing its part. Harvard Business School, for example, is one of several using CD-Rom technology to deliver management training.

Videoconferencing is proving a popular conduit for sending information further afield, particularly to the lower echelons of management. And top executives, runs the perceived wisdom, thrive on face-to-face contact with their peers.

Although technology can be used to reduce the time employees spend away from their companies, the trend of recent years towards ever shorter courses seems to have petered out. The heavyweight advanced management courses still stand at 10 to 12 weeks, although schools such as IMD allow managers to study in two five-week chunks.

"You can only reduce the amount of time so much," says Mr Pulcrano. "One Californian company told us the maximum length for a course should be three days and should never be at the end of a quarter. But you have to question how long a company can go on renewing itself if it doesn't have executive education."

Rise in sterling prompts US company's adjustment to level in rest of EU

Merck cuts price of Aids drug

By Daniel Green in London

Merck, the biggest US drugs company, is to cut the UK price of its recently launched Aids drug Crixivan by 9 per cent to bring it into line with the price in other European Union countries.

This unusual step is being taken against a background of widespread parallel importing in which drugs are bought in countries where prices are low and shipped to high-priced northern European countries. This parallel trade would be easier under a single European currency because currency translation costs would be eliminated.

The pharmaceuticals industry is campaigning against the parallel trade that has resulted from the lack of drug price harmonisation across Europe. The provisions of the single European market make this trade difficult to prevent.

Mr Per Wold Olsen, Merck's president of human health for Europe, said: "This price adjustment reflects our continued faith in the single market for pharmaceuticals in Europe and the likely introduction of a single European currency within a few years."

Last year Merck announced that Crixivan would be sold at a single price across the EU.

The price cut has been prompted by the rise in sterling since then which has made Crixivan more expensive in the UK than elsewhere.

Drug prices are usually set at the time of launch in agreement with government officials. That leaves drug companies vulnerable to currency fluctuations after prices have been set.

Last year, Merck said it would try to sell Crixivan at a uniform 9.64 Ecus a day. The company claims to have achieved this in "most" European countries.

The drug is one of a class of new medicines called protease inhibitors that work well when given as part of a cocktail of older drugs. They have been credited with reducing demand for beds in Aids clinics.

The UK has one of the most liberal drug-pricing regimes in Europe. Companies can set prices provided their overall profits conform to a return on capital formula negotiated with the health ministry. Mr Olsen conceded that the relatively free pricing environment in the UK made it easier to adjust prices.

He said he would seek to renegotiate prices in other countries if their currencies moved sharply. European drug pricing is a hotchpotch of different regulatory systems. Governments set prices for each drug in France, but for each class of drug in Germany.

Many countries have separate mechanisms for negotiating how the national health service pays drugs companies. In the UK, such payment is automatic.

Hosts wary of minister's EU message

Timing has cost Britain's foreign secretary sympathy

Mr Malcolm Rifkind, the foreign secretary, took his brand of "soap-box diplomacy" to the Netherlands yesterday, delivering the last of four speeches on the future of Europe.

Reaction to Mr Rifkind's call for a public debate on the limits of European integration – coupled with a longer-term partnership between European nation states – has been respectful, but tepid.

Mr Rifkind made the biggest waves in Germany, where a young reporter drew an infelicitous comparison between the sincerely held, mildly Eurosceptic views of "the Jew Rifkind" and Martin Luther hammering his heretical theses on the door of Wittenberg Castle church in 1517.

While the foreign secretary has won grudging respect for his willingness to preach before foreign audiences, sympathy has been tempered by the suspicion that the souls he really intends to convert are British editorial writers and British voters. Few failed to notice the timing of Mr Rifkind's venture into Europe, a few weeks ahead of the UK general election which will take place on May 1.

As Mr Michel Barnier, deputy French foreign minister, said in a recent Reuter interview: "I don't want to interfere in the British election campaign even if I note that Mr Rifkind came to conduct that campaign outside the United Kingdom from France."

William Pfaff, the Paris-based American commentator, was more supportive in the International Herald Tribune. Writing from London, he declared that Mr Rifkind was right to question the democratic legitimacy of EU institutions and the failure to win popular support.

"There is a sense that the Maastricht agenda is not the right one. The primordial political reality remains the nation state . . . Europe's elites (who favour a full union) have yet to answer this objection."

But a German diplomat said that the foreign secretary's speeches revealed the deep ideological divide between Britain and Germany on the future of Europe, whatever the willingness of both governments to pursue practical co-operation in trade and foreign policy.

"Mr Rifkind wants to know what the final goal of European integration will be. Yet Mr Germans see this as an historical process where no one knows what the conclusion will be."

As foreign secretary since mid 1995, Mr Rifkind has had a bumpy ride in Europe. Often he has been forced to negotiate with his EU partners knowing that the mood back home has turned more hostile toward the prospect of deeper political and economic integration, particularly regarding economic and monetary union.

Yet Mr Rifkind has been a lot more willing to fraternise with the Tory Eurosceptics than his urbane predecessor Mr Douglas Hurd.

Some suspect that he may be positioning himself for a leadership challenge in the event that Mr John Major loses the election. During last year's beef war, EU diplomats reported that Mr Rifkind seemed to take a perverse pleasure in pursuing the policy of non-cooperation – until he woke up to the damage being done to British interests.

By contrast, Mr Kenneth Clarke, the chancellor of the exchequer, left no doubt from the outset that he considered the blocking tactics to be a busted flush.

The final word about Mr Rifkind's foray into Europe belongs to Mr Barnier who has often expressed irritation with the British government's dogged defence of the status quo in the EU's intergovernmental conference which seeks to reform Europe's institutions and decision-making ahead of enlargement.

Like most IGC representatives, Mr Barnier is too shrewd to expect a sea-change in policy in the event of a Labour victory in Britain. But he shares the general feeling that the mood will shift toward compromise after the imminent British election. "Labour is keeping itself very well informed on the negotiations, and we are giving them all the information they want from our side. Their approach is quite European."

Colin Beere

Malcolm Rifkind: defending national parliaments in EU

National parliaments should be given a stronger role in vetting the European Union's initiatives as part of the current overhaul of its structures, Mr Malcolm Rifkind, the British foreign secretary, urged last night, Gordon Cramb in The Hague writes.

In his latest speech in Europe about the EU, Mr Rifkind said: "Whenever we accept supranational institutions and procedures we accept a trade-off, weakening the democratic link in return for the benefits of co-operation."

He said the intergovernmental conference on closer union should ensure that national assemblies are empowered to scrutinise proposals from Brussels so that decision-making happens closest to those affected.

He rejected suggestions that his intervention had come too late: "It amounts to saying Europe's course has been set and we must get on with it. But our continent's future is too important for that."

Lionel Barber

Royalties agreed on works of classic authors

By Alice Rawsthorn in London

Penguin Books has agreed terms to pay royalties on books by several classic authors, including Virginia Woolf and W.B. Yeats, whose work has come back into copyright after changes in European legislation.

The agreement follows months of negotiations between Penguin and other literary publishers with the estates of the authors affected.

Work has traditionally remained in copyright in the UK for 50 years after an author's death, compelling publishers to pay royalties in that time. A European Union directive has extended the copyright period to 70 years after death from 1 January 1996 onwards.

This brought books by any authors who died between 1925 and 1945 back into copyright. Their estates asked publishers to negotiate fresh terms of payment.

Penguin, a subsidiary of Financial Times owner Pearson, is believed to be the first publisher to have concluded an agreement. Ms Margaret Bluman, contracts director, said it has finalised terms with several literary estates, including those of Woolf, Yeats, Rudyard Kipling, John Buchan and Arthur Conan Doyle, the creator of Sherlock Holmes.

She said Penguin's standard terms were to pay a royalty of 10 per cent on the wholesale price of every book sold. It will offer the same terms to the estates of other classic authors, including James Joyce and Thomas Hardy, whose work has returned to copyright.

Mr David Campbell, managing director of The Everyman Library, which publishes hardback literary classics, said it had "reached the basis of an agreement" with several estates.

Mr Marcus Clapham, editorial director of Wordsworth, said it planned to carry on publishing its existing cheap paperback editions of Woolf, Joyce and Hardy without paying royalties "until it's tested in the courts".

However Wordsworth has abandoned plans for new editions which would be liable for royalties, such as H.G. Wells' *The Time Machine*.

Cost of tackling 'systems bomb' may exceed $5bn, says Labour

By George Parker, Political Correspondent

A Labour government might inherit a bill of at least £3bn ($4.8bn) to stop the public sector's computers collapsing on the first day of the new millennium, Mr Geoff Hoon, the party's shadow technology minister, warned yesterday.

Mr Hoon said the Conservative government had done virtually nothing to prepare for the problem known as "millennium meltdown", where computers cannot cope with the 2000 dateline.

He warned that the cost to the public purse could be more than £3bn because of a shortage of computer engineers over the next three years.

"Programmers will also be heavily involved in preparing systems for economic and monetary union [Emu] at exactly the same time, whether the UK is involved in the first wave or not," he said. "We foresee a very considerable budgetary deficit for the UK – there needs to be a degree of urgency which this government has not yet displayed."

The Labour party believes the government has deferred spending on the problem, calculating that the burden could be passed on to a new administration. Mr Hoon told an information technology seminar organised by Cap Gemini, the computer services company, that the government had talked a lot about the "millennium time-bomb" but had done little to tackle the problem.

Mr Ian Taylor, technology minister, told the meeting the government was ahead of its European counterparts in addressing the problem, but admitted: "With hindsight, we might have started earlier. There will be an over-demand for computer programmers, and that will have an inflationary effect, but there is no point in me saying that 2000 and Emu won't happen."

The opposition Labour party will today promise an information technology revolution in schools. Mr Tony Blair, the party leader, will pledge to implement the thrust of an independent report commissioned by Labour on information technology in schools.

Among its proposals, the study – chaired and funded by Mr Dennis Stevenson, chairman-elect of Pearson which owns the Financial Times – suggests every child from the age of nine, and every teacher should be given their own e-mail identity.

Labour's plan involves ensuring more training for teachers on IT and eventually reassessing the curriculum at teacher training colleges to shift emphasis to IT. The party also wants to use telecommunications and cable companies to give all schools access to the Internet. It would also develop a "national grid" giving educational publishers an accredited site on the Net.

Mr Taylor has been praised by many in the computer industry for raising awareness of the problems which will arise on January 1, 2000. Many computers are unable to recognise a year ending with two noughts and will crash.

Other European governments and some ministers within the UK government have not shared Mr Taylor's enthusiasm. UK government departments have been required to complete audits of their systems by October and Mr Taylor said he was determined to finish a programme of corrective work by December 1998. "The century date change has serious financial and business implications," he said.

More artists to issue bonds, firm predicts

By Edward Luce in London

Bonds issued by artists, musicians and others in the "intellectual property" business will become increasingly common, says a report today from Arthur Andersen, the accountancy firm.

As the economy moves from traditional manufacturing towards the production of less tangible goods such as biotechnology, software programming, scriptwriting and brand imaging, companies will have to find new ways of raising capital, it says.

One of the most cost-effective is to "securitise" their intellectual assets or to issue debt backed by future earnings from their intellectual property assets.

David Bowie, the British rock musician, recently pointed the way with a $55m "Bowie bond" in the US. The 10-year bond, which will pay an annual coupon of 7.9 per cent to investors, will be serviced by the income stream from the rock star's music copyright portfolio.

The report says there will be no limit to what can be packaged in debt form once the financial markets become accustomed to intellectual securitisation.b

Examples include Calvin Klein, the US fashion designer, which recently took a $58m securitised loan backed by the royalty payments from its perfume sales.

But the authors warn that it can be difficult for companies to evaluate accurately assets such as brand names or intellectual licences. Accounting bodies are trying to establish a standard measurement.

Scientist says nuclear waste options are limited

By Michael Peel in London

Nirex, the nuclear waste disposal company, faces a difficult task in its quest to build a new dump for intermediate level nuclear waste, according to a leading academic. On Monday, the company lost its appeal to build a new facility at Sellafield in north-west England.

The planning application rejected by Mr John Gummer, chief environment minister, was for an underground laboratory to test the suitability of the area as the site for a dump. Nirex needed the evidence that would have been provided by the laboratory to make a case for planning permission for the dump.

The company must also answer Mr Gummer's questions about whether it had acquired sufficient scientific knowledge before submitting its planning proposal.

"We will be discussing the results with our shareholders before deciding on our next steps," said Nirex.

The company, set up by the nuclear industry in 1982 to dispose of low and intermediate level waste, initially considered 12 possible sites for the dump. The final decision was between Sellafield and Dounreay in the north of Scotland. The other locations have remained secret.

The search for a new site may be made more difficult because the areas best suited geologically are often too populous to be viable options, according to Professor David Smythe at the geophysics department of Glasgow University, a geophysics specialist who worked for Nirex.

Prof Smythe was contracted to carry out a geological survey of the proposed Sellafield dumping site for Nirex immediately before submission of the planning application.

He believes it is likely that a 1980 British Geological Survey into 12 potential dump sites, mainly located near existing nuclear installations, was a starting point for the company when it was considering possible locations for the dump.

He has seen the 1980 report and thinks Nirex will find its options rather limited: "Geologically, Dounreay is similar to Sellafield," he said.

He thinks East Anglia far more suitable from a geophysical point of view. "There are shallow coverings of sediment at the surface of basement rock which might be suitable for a repository," he said. However, he said that a decision to place a nuclear dump there could prove deeply unpopular for environmental reasons.

"In principle, the best place to dispose of reactive waste is in salt deposits," said Professor Smythe. He has carried out research into offshore sites of this nature but found the idea unworkable because of practical difficulties with the site. A similar project on shore would be fraught with political difficulties.

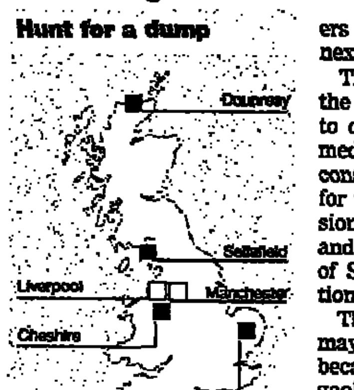
"There are salt mines in Cheshire owned by ICI," said Professor Smythe. "This was considered at one stage but was ruled out because they were too near population centres like Manchester."

Dr Patrick Green, senior nuclear campaigner for Friends of the Earth, the environmental pressure group,, thinks scientific understanding in the area of waste dumping must advance considerably before any proposal is reconsidered.

"Disposal is off the agenda for at least 35 to 40 years," he said. "Both the Royal Society's and our evidence has said that there is at least 10 years worth of generic science that needs doing."

He favours alternative measures to deal with the "mountain" of reactive waste in Britain. "We need to look at interim management operations," he said.

Hunt for a dump



UK NEWS DIGEST

Stock Exchange reform urged

A committee of the House of Commons will today demand fundamental reform in the way the London Stock Exchange is run, demanding it should no longer be owned by member companies and move to a public offering. In its second attack in 18 months on the way the exchange is run, the all-party Treasury committee will argue that the exchange cannot reflect the interests of its members or of the public as long as it is mostly run by brokerage companies.

One MP argued last night that the exchange had been "dragged kicking and screaming" towards its recent introduction of order-driven trading, and that the report called for that reform drive to be entrenched. "The stock exchange has been run for the short term interests of marketmakers rather than the maximum benefit of the London market as a whole," an MP said.

At the time of "Big Bang" in 1986, the exchange moved from ownership by individual members to individual member companies. Ownership is shared by some 318 such companies, the vast majority of which are market makers and not investment managers. *James Blitz*

■ UNEMPLOYMENT

Total is lowest since 1990

The number of people out of work dropped last month to its lowest level since October 1990. Official figures showed unemployment in February falling by 68,200 – the third largest monthly fall ever recorded – to a seasonally adjusted 1.746m. The Office of National Statistics said Britain's official unemployment rate fell from 6.5 per cent in January to 6.2 per cent last month.

But financial markets took fright at yesterday's labour market statistics because they signal a sharply tightening labour market. Average earnings increased by an annual underlying rate of 5 per cent in January, up from 4.75 per cent in December. The December figure was revised upwards by 0.5 percentage points.

Mr John Major, the prime minister, said the figures were "proof that Britain is booming". Mr Tony Blair, the main opposition Labour party leader, said they gave a false impression.

● Mr Eddie George, governor of the Bank of England, the UK central bank, renewed his call for a quarter point rise in base rates from a current level of 6 per cent during his February monetary meeting with Mr Kenneth Clarke, the chancellor of the exchequer. *Wolfgang Münchau*

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■ VEHICLE MANUFACTURE

Truck sales elude forecast upturn

February showed no sign of this year's predicted upturn in the new truck market after nearly 20 months of decline. Figures from the Society of Motor Manufacturers and Traders, the industry's trade body, show that registrations of new trucks – commercial vehicles of more than 3.5 tonnes – fell by 18.3 per cent, year on year.

Registrations Jan-Feb '97

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This brought the total for the first two months of the year to 5,815 – a fall of 26.5 per cent on the year-ago period's 7,910. The continuing sales slide is attributed partly to the knock-on effects of stricter exhaust emission standards going into effect. Overall, commercial vehicle registrations last month totalled 19,826, a 6.4 per cent drop on last February. Imports continued to take a growing share, accounting for 51 per cent – up from 50 per cent in February last year. *John Griffiths*

■ PAYMENT CARDS

Visa holders spend 25% more

The plastic card continued to gain ground in the UK last year as Visa cardholders increased spending by 25 per cent to £76.1bn ($120bn). Although the UK is already one of the most fully developed payment card markets in Europe, the arrival of debit cards and electronic authorisation has allowed plastic to replace cheques and cash in more transactions.

The UK is Visa's largest market in Europe, with 40m cards accounting for 39 per cent of all Visa cards issued in the region. Visa debit cards were used almost twice as often as credit cards last year, but for smaller average amounts.

Debit cards were used for more than 1bn transactions worth £43.5bn, compared with 670m credit card transactions worth £33.6bn. In Europe as a whole, the number of Visa cards rose by 14 per cent to more than 100m; spending rose to $341bn. *George Graham*

■ GOVERNMENT BONDS

Warning to private investors

Private investors could soon find it harder to buy and sell UK government bonds, or gilts, Apcims, the private client stockbrokers' trade body, warned yesterday.

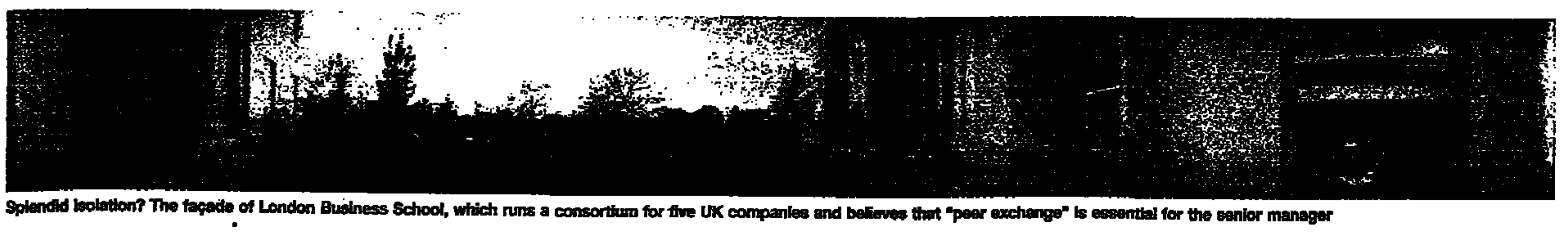
Apcims is concerned that the new gilts settlement system being introduced by the Bank of England in August will "mean a number of firms will have to offer a worse level of service to private investors (dealing in gilts) than they do now".

It claims that investors selling gilts may have to wait up to 25 days to gain payment compared with a maximum five-day wait for about 80 per cent of deals at present. The new system could also push up dealing costs. Private investors account for most of the 5,000 or so gilt deals done each day, although they account for only a relatively small slice of the deals' total value. *Jean Eaglesham*

■ SECURITIES AND FUTURES

Firm agrees to cease business

Phillip Alexander Securities and Futures, a private client broking firm, has agreed with the Securities and Futures Authority that it will stop carrying out investment business after being placed in administration. The move follows intervention by the SFA two years ago when the firm was found to have conducted business introduced by brokers outside Britain in an unsatisfactory way, including charging excessive commission. *John Gapper*



Splendid isolation? The façade of London Business School, which runs a consortium for five UK companies and believes that "peer exchange" is essential for the senior manager

CONSORTIA • by Della Bradshaw

Today Paris, tomorrow the world

Participants in consortia increasingly come from diverse regional bases

There are few business school fashions in which European schools lead their North American counterparts. But one is consortium programmes.

From London to Paris and beyond consortium programmes are being promoted as a formula that combines the best elements of both customised and open courses. Like open enrolment courses, they bring together executives from different companies, promoting peer-to-peer learning; like tailored programmes, they suit the specific needs of the companies involved.

The common interest in a consortium can be a management topic, such as developing potential leaders, or an industry sector. Insead in Fontainebleau, for example, runs one consortium programme for a dozen European banks and another for insurance companies.

This combination of peer-to-peer learning and issues of critical relevance to the company makes consortium programmes particularly appropriate to senior managers, says Mr Paul Geroski at London Business School. "The more senior you get, the more you need peer exchange," he argues.

Mr Geroski designed an executive development programme at London Business School for a consortium of five companies: Marks & Spencer, British Airways, BT, Lloyds Bank and Vauxhall Motors. M&S was the initiator of the course, which focuses on management development for individuals who have spent their whole career with one company.

Their much-trumpeted virtues should not, however, obscure the fact that consortium courses can be problematic. According to Ms Liz Bridge, client manager at Cranfield University School of Management, the initial difficulty is finding a group of like-minded companies. She says that when Midland Bank and Royal Insurance were setting up a group that Cranfield runs for nine UK-based companies they talked to some 50 organisations and numerous business schools.

Once the consortium was set up and the course designed, however, the programme developed a momentum of its own. "At the end of the day it's about the quality of the relationship you form," says Ms Bridge.

According to Ms Robbie Friendship, business development manager at Henley Management College, commitment from the top management in the company is the other crucial factor.

This is particularly relevant to programmes that include site visits. Members of the M&S consortium, for example, must visit each other's companies. "The site visit really has to work," says Mr Geroski. "High-level support is essential."

The LBS scheme comprises five companies that each take part in the five modules. The Cranfield programme, on the other hand, caters for nine companies that participate in different elements of the course as required. Ms Bridge believes other companies could be added to the nine and that there is scope for further flexibility.

Two recent developments in the consortium approach are international consortium programmes – LBS, for example, runs an international programme for six companies including BT, Lufthansa and ABB – and the transfer of the concept to the MBA market.

The International Masters Programme in Management (IMPM), masterminded by the Canadian veteran management thinker Henry Mintzberg, is intended to bridge the gap between traditional executive MBAs and in-house courses. The taught element of Mintzberg's course comprises five modules of two or three weeks each on one of five different campuses – Lancaster in the UK, McGill in Canada, Insead in France, the Indian Institute of Management in Bangalore and Hitotsubashi University in Japan.

IMPM is marketed to individual companies – such as Alcan, Bombardier, BT and the Royal Bank of Canada – which then send a handful of students on the programme.

Henley has been running consortia MBAs since the late 1980s. Forty three companies have participated and about 24 take part regularly, each sending between five and eight people.

The University of Michigan Business School is one of the first US business schools to move into consortium programmes. Its programme is in Hong Kong, where managers working in the region for companies such as Cathay Pacific and Hewlett Packard can combine study on campus with distance learning.

At Manchester Business School, too, a course that began life as a company-specific MBA is now evolving into a consortium venture. In its first year, the course was run exclusively for IBM in the UK. "We suggested at a very early stage that they would get more value if they had IBM customers on the course as well," says Mr Syd Howell, director of studies for the modular MBA.

The first non-IBM participants will be from NatWest Bank but the aim is to have 50 per cent of participants from outside the company. The medium-term goal, says Mr Howell, is to make the programme international.

EXECUTIVE MBAs • by Victoria Griffith

An e-mail from America

Thanks to new media, the top US schools can now 'export' their courses

American business schools have long perceived a strong demand for their executive MBA programmes overseas. Now, technology such as the Internet and video-conferencing is allowing them to go after the market in earnest.

By hooking up students and professors through e-mail, "chat rooms" and video links, US business schools are creating virtual programmes to allow MBA students to pursue a degree largely from home. That suits their employers, who want to keep them at work through their studies.

The multimedia explosion of the 1990s has driven the launch of a number of international programmes. Duke University's Fuqua School of Business welcomed its first class of "global executive MBAs" last May. In a daring move, Dartmouth's Amos Tuck School allied with the Hanoi School of Business in Vietnam to offer an executive MBA last year. The University of Chicago started a Barcelona-based degree in 1994, and the University of Michigan's international MBA programme is in its fifth year. Northwestern's Kellogg School has just begun a joint venture with Germany's Koblenz School.

Executive MBA programmes appeal strongly to companies wanting to provide extensive business training to promising middle-level managers while keeping them at work – at least part-time. Before the multimedia revolution, pure logistics prevented many overseas managers from pursuing a US degree.

"It's only with e-mail and teleconferencing that we can bridge the gaps to our next physical meeting," says Mr Edward Snyder, assistant dean at the University of Michigan's business school.

The Fuqua School relies heavily on the Internet, sponsoring a password-protected site on the Web, where students can download assignments, exchange ideas in a "chat room" and review professors' lecture notes. The University of Michigan says it prefers video conferencing as a vehicle for lecturing and classroom discussion, but makes extensive use of e-mail.

However, organisers of the programmes say technology cannot completely replace face-to-face contact. "There's a lot that you just don't get from long-distance contact," says Mr Robert Hamada, dean of the University of Chicago's MBA programme. "Professors in an actual classroom can sense when students are engaged, lost, frustrated or bored. You miss that when you're not eyeball-to-eyeball."

Students may also miss the different perspectives that colleagues from different countries and industries can bring.

For that reason, most of the US schools require some physical togetherness. The University of Chicago gets everyone together in Barcelona for two-week stretches every couple months. The Fuqua programme meets in five different centres during a 19-month period: students fly to São Paulo, Brazil; Salzburg, Austria; Hong Kong; Shanghai, China; and Duke's campus in Durham, North Carolina. The programme is designed to expose students to a wide variety of cultures. The experience usually lasts less than two weeks but attempts to make up in breadth what it lacks in depth.

This kind of learning clearly demands a lot of organisation. American business schools say putting together effective programmes is not always easy. Sometimes the technology simply doesn't work. Exotic locations may have limited telecommunications and cable facilities. Other times, faculty and students are inexperienced with the media and have trouble using them. Distance can make it difficult to spot trouble early on, moreover. If students are falling to keep up with the coursework, the problem may not be detected until quite a late stage.

One of the biggest challenges, say the schools, is gaining the necessary time commitment from degree candidates and their employers. "US corporations seem to have a little better understanding than foreign corporations about the amount of time involved," says Mr Richard Popovic, dean of executive education for the University of Rochester, which runs programmes in Holland and Switzerland. "That's probably because we've been doing this longer in the US. It's hard to get the point across that this is not just something you fit into your lunch hour."

Most US schools say students should be prepared to put in 20 to 30 hours of study each week.

Despite the challenges, global MBAs are lucrative for the US business schools. Participation is not cheap. Fuqua's executive MBA programme costs about $82,000, for instance – not including air travel to the five sites. Yet foreign companies seem willing to pay the high prices. "There are some strong business schools in Europe, but in Asia, South America and Africa, we have the impression there is a real need for US-style management instruction," says Mr Snyder of the University of Michigan's business school.

"The latest technology is now letting us fulfil that demand."

Home-page work: students can download projects from Web sites

Catering for action manager

Courses without direct practical relevance alienate many chief executives

When Mr Amin Rajan, a business consultant who runs the Centre for Research in Employment and Technology in Europe (CREATE) interviewed some of the UK's most prominent business leaders recently, he discovered a widespread mistrust of academic disciplines.

The chief executive of one insurance group declared: "I've never been on a management education course. And I'm proud of it."

Mr Rajan found that many of the business leaders had scant regard for off-the-job courses. In his report, Leading People, he quoted an investment banker who said: "Books and courses rarely get inside the heads of high flyers. They need face-to-face learning encounters with immediate feedback."

A banking chief executive believed: "Traditional management development programmes cannot produce leaders. They present new concepts and raise awareness. That helps. But they cannot provide the 'soft' skills which are the raw material of leadership."

In response to such observations business schools are increasingly tailoring courses for top executives to specific organisational and individual needs.

Sometimes the tailoring is so fine as to be personal tuition. Coutts Consulting Group specialises in one-to-one customised coaching for chief executives. "We discovered that at that level there is a growing demand for coaching that is geared to the needs of the executive. They want it customised and they want it work related," says Mr John O'Brien, director of executive development.

The coaching sessions are confidential and held away from the office. "It is very difficult to express vulnerability in front of contemporaries or subordinates," says Mr O'Brien.

The changing needs of management have also led to a rethink about the content and structure of top management courses in the established business schools. London Business School has been running its senior executive programme for more than 30 years. In that time, the course has evolved into a forum where senior executives exchange ideas. The course work is designed to act as a catalyst for thinking and discussion, using various models and projects.

A similar approach has been adopted by Cranfield School of Management. Mr Murray Steele, Cranfield's head of strategic management, runs week-long courses for chief executives. These focus on practical exercises that give the executives something tangible to take back to the office.

"Our work is focusing more and more on the individuals and their organisations, setting aside scheduled time where people can apply what they have learned to their own organisations," says Mr Steele.

He adds that chief executives value the opportunity to stand back and look at the businesses. "It's like coming up for air. It allows them to escape the day-to-day pressures and paperwork. In some ways it is self-administered consultancy," he says.

At Cranfield, the executives use business topics such as managing change, strategy and leadership, to prepare presentations that they can give to their organisations on their return. By the end of the week they are expected to have collected four or five presentations to put to their board.

"They go away with a clear action plan that identifies the problems and what needs to be done," says Mr Steele.

This is not to say, of course, that business schools have abandoned theoretical studies. Rather that they have refined them for a changing world. Wharton has developed its Directors' Institute, a particularly dynamic simulation exercise that it describes as a "living case study" programme. The programme puts participants on the board of MegaMicro, a fictitious multinational manufacturing and servicing company.

The two-day course simulates at an accelerated pace the issues and events that a board will face in a business cycle.

Richard Donkin

CUSTOMISED COURSES • by Victoria Griffith

Short, sharp and specific

Why tailor-made training now appeals to more business schools and companies

When top executives at the hotel chain Hyatt decided they needed a little extra management training a few years ago, the company opted for an increasingly popular approach: it asked Kellogg, the business school of Northwestern University in Chicago, to devise a two-week bespoke programme.

Kellogg created a course in marketing, finance and strategy to help the group's managers through a big expansion drive. "Sending them to courses at places like Stanford and Harvard in dribs and drabs would take too long," Ms Wendy Strachan, head of human resources at Hyatt, explains. "We needed a big, immediate impact, and I think we got it."

Kellogg trained 60 Hyatt executives – 30 last year and 30 in February.

Corporate demand for tailored courses is growing, and established business schools are overcoming their distaste for them to cash in on what is an increasingly lucrative market.

"Kellogg got in this business early on, but a lot of business schools didn't like the idea," says Mr Kenneth Bardach, associate dean of Kellogg. "They thought it made for fuzzy lines, turning academic institutions into consultants. Now, there's so much demand, and it's so profitable, everyone is getting into it."

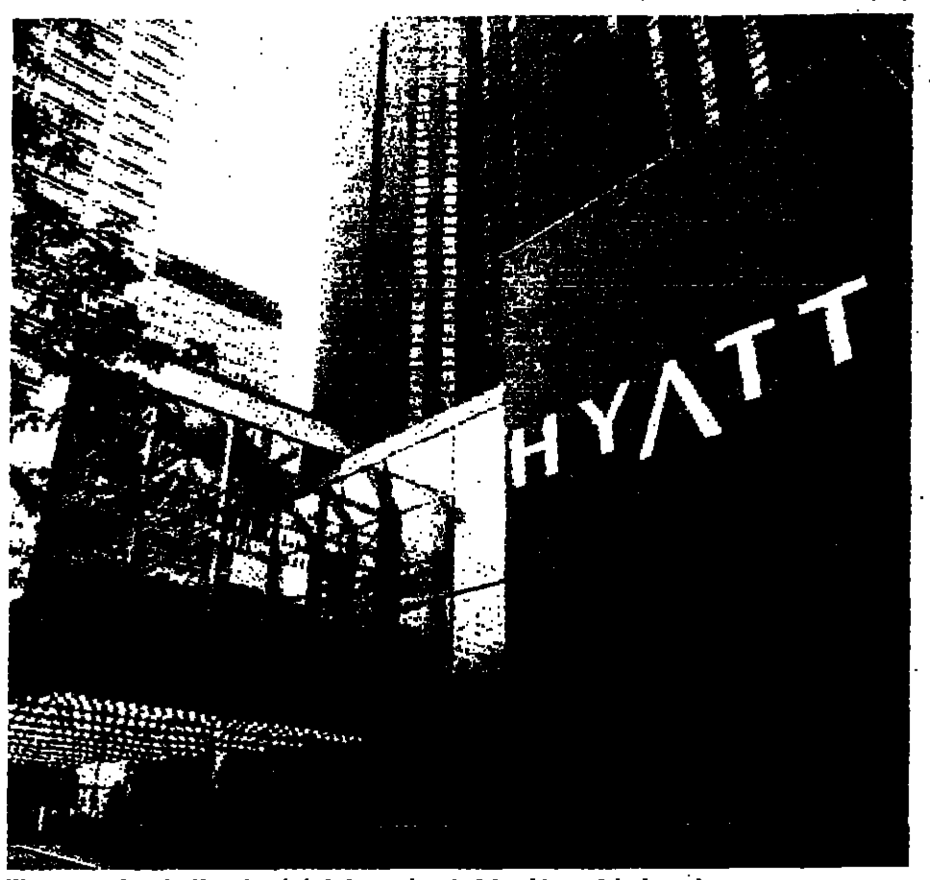
Virtually all the top-tier US business schools and a good many of the second-tier schools now offer such programmes. Boston College runs courses for the computer group Lotus Corporation, MIT has set up a programme for pharmaceuticals group Johnson & Johnson, and Kellogg now runs tailored courses for about 25 corporations a year, including the oil group Mobil, the French bank Societe Generale and the accountants Deloitte & Touche and Ernst & Young. Columbia University's business school has put together programmes for the accountants Deloitte & Touche and the Bahrain Institute of Banking and Finance.

Business schools say they now see the programmes as having non-financial benefits as well. "It gives our professors hands-on experience in coaching executives," says Ms Carol Dressler, head of executive programmes at Stanford. "And that keeps them in touch with corporate educational needs."

Some reticence remains, however. Harvard Business School, while admitting it runs a few customised programmes a year, declined to discuss them.

Whatever the attitude of some academics, demand seems likely to grow. Like Hyatt, most corporations opt for a customised course because they feel it will make a larger and more immediate impact on the organisation. "It's a critical-mass issue," says Ms Marie Eiter, who runs the programmes for the Amos Tuck School, Dartmouth's business school. "If you can put 30 senior managers on the same wave length, you've really got something."

Tailored courses focus on specific needs. Johnson & Johnson, for instance, paired up with the MIT's Sloan School of management to create a programme for its top information systems personnel. In a five-day session, MIT professors stimulate managers to think of ways to cut costs and development times for information technology. The programme uses case studies to look at how other organisations have handled similar challenges and discussion follows on how to apply the principles to Johnson & Johnson. The five-day programme, dubbed the Information Management Institute, has been used to train more than 500 managers over the past two years.



Warm reception: the Hyatt hotel chain is convinced of the virtues of the bespoke course

While most corporations want managers to come up with specific solutions for company problems during the courses, professors may need to steer clear of too particular and prescriptive an approach.

"When you're trying to give managers a fresh view, you need to take them out of their box, get them to look at something completely different," says Ms Dressler.

Ms Strachan of Hyatt agrees. "The first year, we looked at hotel industry examples and everyone got so bogged down in their own experience that they couldn't see the point the professor was trying to make."

This year, the Hyatt course was organised differently, using case studies from other industries. One of the most useful for Hyatt, according to Ms Strachan, was the example of People's Express, a US airline that foundered when its operational sophistication failed to keep pace with its expansion.

Tailored sessions offer other advantages. Unlike open enrolment courses, which are usually held over the summer, they can be scheduled for the time that suits the company best. Managers can opt to speed up the pace to minimise time away from the office, often attending classes late into the evening and at weekends. This makes location an important issue. While most organisers say too many distractions make it unwise to run courses at company headquarters, they prefer the convenience of sites relatively close to home base.

The need for secrecy is another factor behind the popularity of the tailored sessions. Contact with executives from other industries may enrich an open enrolment experience, but it may also inhibit frank discussion about problems and applications.

For lots of people, however, it is the ability to attack a subject of immediate relevance and to do so in a short space of time that appeals most.

"Open enrolment courses offer reward over the longer term of an executive's career," says Mr Arnold Trillet, who organises the information management sessions for Johnson & Johnson. "But for a big impact over a very short-time period, you can't beat the tailored courses."

OPEN ENROLMENT • by Della Bradshaw

Public courses enjoy renaissance

The global market means managers are again turning to generalist programmes

A few years ago everyone was shaking their heads sadly about open enrolment short courses. Companies, it was said, no longer wanted to send their executives on generalist programmes that may or may not be relevant to the company's day-to-day problems. In the leaner, meaner 1990s what was really needed was customised courses, which targeted specific issues and helped companies cope with downsizing, delayering and all the other fashions of the day.

These days, open enrolment courses are enjoying a renaissance. While the demand for company-specific programmes is growing phenomenally quickly it is from a relatively low starting point. For the top 20 business schools that provide executive education worldwide, public programmes count for about 70 per cent of revenues. And the demand for such courses, having bottomed out a few years ago, is now slowly on the increase.

At Wharton, Ms Alison McGrath Peirce, one of the directors for executive education, says the number attending open enrolment courses is expected to grow by 15-20 per cent this year.

It is difficult to determine why there has been such a change of heart. One theory is that after so much organisational trauma during the recession, companies now recognise that they have to look outwards, even internationally, to take their businesses forward.

"What provides the thrust for the growth is that companies are confronted with a global marketplace. Even locally-based companies are noticing this," says Mr William Pietersen, associate dean at Columbia Business School in New York.

One of the biggest advantages of the longer general management courses – such as the Amps (advanced management programmes) run at Harvard, Stanford or Wharton in the US or Oxford in the UK – is that the participants are from around the world. At Wharton, for example, 70 per cent are from outside the US.

Such advanced management programmes are typically 10 or 12 weeks in length, undermining another recent theory that most executives are only prepared to attend courses that last two or three days.


Harvard: its generalist courses offer multicultural perspectives

Mr Richard Ormerod, director of executive short course programmes at Warwick Business School in the UK, says that a further reason for growth in open courses is that companies now realise that, having slashed away layers of management, they have to motivate the staff that are left.

Mr Sylvain Daudel, marketing and key account director for executive education public programmes at Insead, in Fontainebleau, concurs: "A number of companies are now beginning to believe what they have written in their annual reports over the past few years – that they need to invest in their people."

Mr Daudel also believes there is internal demand for training from employees and that commercial pressures are forcing the investment. "Competition is increasing from fierce to extremely severe," he says.

Another factor promoting the growth in open enrolment courses, says Mr Daudel, is that they are becoming more relevant to what companies need. Courses in negotiation techniques, mergers and acquisitions and deregulation are proving particularly popular internationally.

The need for greater relevance is also being met by changes in course structure. At Columbia, for example, "action learning" – the latest buzz-phrase – means that students are expected to bring a specific problem from their company into the classroom and leave the course with a clear action plan.

The University of Michigan business school has introduced a course in the management of critical issues that treads a similar path.

Wharton has introduced an element of mass-customisation on its courses. Sixty per cent of its mergers and acquisitions course, for example, is compulsory for all participants but the remaining 40 per cent is made up of a series of options chosen by students.

According to Mr Pietersen, the end product has to be one that brings tangible results. "Organisations are looking for redeemable results. It's no longer good enough to go along because it's a nice environment," he says. "Those days are gone."

A similar urgency is expressed by Mr James Pulcrano, director of marketing for executive programmes at IMD in Lausanne. "If executives are coming in for 10 weeks we can't waste five minutes," he says.

INTERACTIVE LEARNING • by Victoria Griffith

John Cleese has endured as the star of such videos as The Unorganised Manager, but is now part of a much wider repertoire *Video Arts*

And now for something a little bit different...

Training aids have come a long way from the 1970s off-the-shelf video

Ever since audiences laughed at the antics of British actor John Cleese in his early 1970s management videos, off-the-shelf products have been an integral part of many corporations' training programmes. But that is all changing as demand grows for tailor-made, solution-oriented training.

Multimedia is giving management-product companies new tools to meet the training challenge and interactive compact discs are expected to be the fastest growing slice of the market. Already, sophisticated management simulations are available that allow players to be chairman or president for a day, in charge of imaginary companies.

Video Arts, producer of the Cleese videos, presents compact discs in a course-like format, taking players through lessons on subjects such as dealing with customers, looking at balance sheets, and obtaining favourable job reviews. "Players" are invited to answer questions by clicking on a choice of responses. The disc then explains why the answers are right or wrong.

"There's a really big future in the interactive compact disc market," says Ms Ann Boland, general manager of Video Arts. "They're becoming more and more sophisticated, with video segments and great audio, and they're offering a truly rich experience."

The big attraction of compact discs for staff is that they are extremely engaging. For makers, they offer the huge advantage of being easily adapted to suit a company's specific needs.

Microworld, which produces compact disc training courses, recently took an off-the-shelf case study on the now-defunct People's Express Airlines and rewrote it for the Venezuelan oil group Petroleos de Venezuela (PV).

The People's Express compact disc describes the crisis the airline faced when its numbers of trained personnel failed to keep up with rapid expansion. Mr David Kreutzer, chief executive of Microworld, explains: "The guys at PV said 'Hey that's the same problem we're having'. I had to change a few variables – passenger miles became barrels of oil and airline attendants became oil workers, but it wasn't like starting from scratch."

The ability to customise existing products may be a boon to an industry that has been struggling to find a balance between producing generic material and meeting companies' specific demands.

"There is some market for off-the-shelf stuff, but mostly, companies want videos that are specifically relevant to them," says Mr Louis Quast, head of training and development for PDI, a management video producer. "The new multimedia technology may make our lives easier by allowing us to splice various clips into different scenarios."

While multimedia will probably help off-the-shelf producers carve their niche in executive training, corporations say they will continue to rely primarily on programmes created in-house or tailor-made for them by consultants.

Mr Terrence McGuinness, manager of training for the fund manager Scudder, Stevens and Clark, says: "We use commercially available products sparingly in our training courses, and when we do use them, it's usually a small part, put into the context of a larger course.

"We may do an off-the-shelf simulation, or see a video, but then we'd spend a long time in a classroom-like situation talking about how it relates to our company, to the issues facing us specifically. After all, our corporate culture, our needs and challenges, are unique, and can't be addressed by a one-size-fits-all programme."

Despite tough market conditions, training managers say the supply of off-the-shelf products does not seem to be slowing. "We are so inundated with stuff, we wouldn't possibly have the time to review it all on our own," says Mr Jerry Abarbanel, head of training for the State Street Bank in Boston. "We have to rely on critiques of products in the trade press, and we have built up a relationship with a few reliable producers."

The language of learning

What are the words and phrases that dominate today's business-school world? Della Bradshaw plays Dr Johnson

ACCREDITATION of business schools is one of Europe's hottest topics. The good news is that EFMD, the European Foundation for Management Development, in Brussels, has recently set up a European accreditation process. The bad news is that there is only the capacity to accredit 15 schools in the next two years.

BRICKER'S GUIDE and BusinessWeek in the US are the executive education bibles for those searching for the appropriate course. In Europe, the Economist Intelligence Unit has produced a similar directory.

CORPORATE UNIVERSITIES could prove powerful rivals to the traditional university business schools. Leading the field is the Arthur D. Little school of management in Boston, which recently teamed up with Boston College's Carroll school of management.

DRAMA and drawing, it seems, can both be catalysts in helping executives to release their pent-up emotions, especially when their organisations are undergoing traumatic change. Donning a clown's hat, argue the proponents of such techniques, can help managers come to terms with their changing roles.

ETHICS and entrepreneurship are the two hot topics on the executive education agenda. Both are creeping into courses.

FACILITATORS are the most fashionable of faculty. They are the agents who bring together top executives and steer debate.

GLOBAL is the one word that appears on virtually every short course programme.

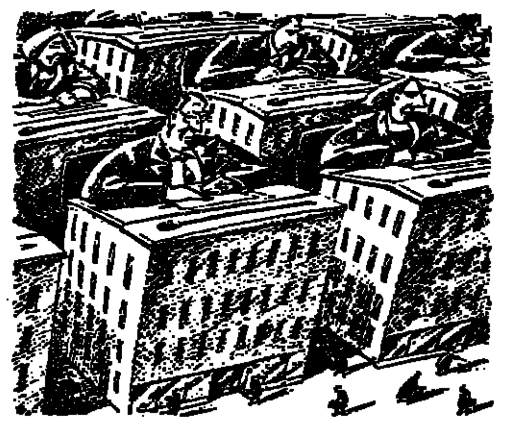
HARVARD still runs the flagship of all executive courses, the Harvard Advanced Management Programme. When it comes to portable qualifications, this is the one to have.

INTERNET technology is creeping into all executive education courses, for delivering course material or simply for sending messages to colleagues.

JARGON abounds in the world of executive training. From "action learning" to "360 degree feedback"...the list goes on.

KNOWLEDGE BASE is increasingly being used as a selling point for courses, hence the investment in research now being proposed by Insead, in France, and London Business School, in the UK.

LIFELONG LEARNING is the big challenge for all business schools. As companies realise their employees repeatedly need to update their techniques, business schools are being regarded as long-term suppliers.



MID-LIFE CRISES are now the subject of a short management course at Harvard. "Odyssey" has been designed for Harvard graduates who are facing big decisions in their careers – particularly whether they should change course completely.

NETWORKING has been, is, and always will be, one of the big selling points of open enrolment programmes.

OVERSEAS COURSES are becoming increasingly available as business schools export their programmes.

PERSONAL TRAINERS are turning out to be many an executive's best friend. Like Hollywood superstars, executives are turning to them to help them practise in private.

QUALIFICATIONS are rarely the result of executive courses, although some award diplomas. The exception is the executive MBA.

REFRESHER COURSES for those with an MBA are proving a successful way for managers to update themselves on the latest management techniques. Popular in the US, they have been launched in the UK by Warwick.

SIMULATION on computers is becoming an integral part of management training, both within companies and business schools. The most popular programmes enable students to play "what if" games with fictitious companies – eg. "If I were head of x company and did y, what would the consequence be?"

TEACHING STANDARDS in business schools are again under scrutiny. London Business School has recently been given £250,000 by the Higher Education Funding Council in England to improve teaching among its faculty and to make the research available to other UK institutions.

UNIVERSITIES in the UK are increasingly moving into the business school market, in spite of the high number of institutions already offering management courses. At least one incentive is the need to make money as funding from public sources is cut.

VOUCHERS could soon prove useful when shopping for management courses. Future MBA students at the Sloan School of Management at MIT in Cambridge, Massachusetts, will be given a fistful of vouchers on graduation that can later be exchanged for short courses.

WOMEN are still in a minority on management training courses – as they are on the faculty of business schools.

XMAS is never a good time to run executive courses, but for some – such as retail executives who rely heavily on Christmas trade to make a profit – it is catastrophic. For this reason, stores groups, such as Kingfisher in the UK, are turning to specially-structured courses to help their managers increase profits.

YARDSTICKS and benchmarking are increasingly being cited by companies as reasons for joining open enrolment or consortium courses.

ZEAL is the most important qualification for any aspiring course participant.

Lack of feedback

Continued from page 4

many people feel they can speak frankly and openly with their manager about their performance? How many managers find the time to think effectively about their role in someone else's development? Even with the best intentions, there is often not the time or continuity of relationship to help individuals... progress."

It adds: "Managers are often eager to get relevant, honest feedback about how they work, as it is so difficult to get it inside their organisations. When managed well, a programme creates an environment in which individuals both learn from and stretch each other, and serve as models for other approaches."

The Cranfield team believes it is essential that courses equip managers with the self-awareness to confront the obstacles that they may encounter on their return. This presents a new challenge for management development, they say: "It is far more difficult, yet essential, to accompany and guide individuals in the development of their meta-abilities than it is to present thinking or teach specific techniques to a group of managers."

MANAGING MORE THAN MONEY • by Victoria Griffith

The high value of low profits

Why charities and the public sector now form important parts of MBA programmes

At Dartmouth's Amos Tuck School of Management, 42 per cent of students signed up last year for a course in how to run non-profit making organisations. Harvard Business School (HBS) now requires students to complete a non-for-profits section before graduation.

One of Wharton's most popular courses is entitled "Management of the Cultural and Performing Arts". Yale's business school offers a special degree in non-for-profits. Since most top-tier MBA programmes estimate that less than 10 per cent of their students will actually work for a non-for-profit organisation, why is interest so keen? The answer, say academics and managers, is the growing link between charities and the public sector and private enterprises.

Once content to hand over large sums to pet causes, executives today are demanding more control. Company managers sit on the boards of non-for-profits and encourage their own workers to be volunteers. They may even tie their products to specific charities: American Express, for instance, runs a programme that donates a few cents on every dollar charged to the hunger relief group, Share our Strength.

MBA graduates can now expect to have close contact with a charity at some point in their careers. According to a study by Professor James Austin of Harvard Business School, 81 per cent of HBS alumni report current involvement with a non-for-profit organisation. Although participation for international students is below that of Americans, it is, says Mr Austin, still strong.

"There's much more interaction between charities and private business than there used to be," says Mr William Shore, who heads Share Our Strength.

Since they may one day be expected to act as advisers to non-for-profits, managers want to understand the way they are run.

While non-for-profits – particularly universities, hospitals and museums – have much in common with traditional businesses, academics say there are key differences.

"A company never aims to put itself out of business," says Mr James Thompson, who heads the public management programme at Stanford University's business school. "But charities often do. The aim of an anti-poverty organisation is to no longer be needed one day."

Also, measuring the success of a non-for-profit is much more difficult than it is in the private sector. "The numbers are more subjective," says Mr Austin of HBS. "If you give 20 kids a scholarship, is that a success? That depends. How many were you planning to put through university, and how did they do at university? It's very nebulous."

Then there is the question of how to motivate unpaid staff. One of the greatest challenges for managers of non-for-profits is making sure volunteers feel useful. Since many crave social interaction, orchestrating social contact may be important.

Links between charities and companies such as Timberland have fuelled interest in not-for-profits

To help students understand these concepts, most MBA programmes use traditional case-study methods. By so doing, they can also demonstrate much about the benefits to the businesses involved.

HBS students, for example, examine the partnership of City Year, a community action programme for inner city youth, and the footwear and clothing manufacturer, Timberland. Timberland's involvement with City Year is so close that it donates clothing – "uniforms" – to the organisation's volunteers, and has even launched a commercially available "City Year" clothing line.

"Partnerships work best when the company has something to show for its commitment in terms of its own bottom line," says Mr Hassel McLellan, dean of the business school arm of Boston College. Involvement in a non-for-profit can enhance a company's image, boosting demand for its products and improving employee morale.

Partnerships and private sector advice are becoming more useful to non-for-profits as they set up commercial enterprises to fund their activities. The Boston Public Library, for instance, has set aside a hall of its historic building for use as a commercial tea room and expects to benefit enormously from the profits. Churches in city centres are opening art galleries and cafés. Museums have long depended on in-house shops to raise money. Because the commercial side of non-for-profits is becoming more important, their staff increasingly have professional qualifications. The United Way of Massachusetts, which works with inner city youth, says over half of its staff now has MBAs.

"That certainly wasn't true a decade ago," says a spokesperson.

Whether they end up running a non-for-profit, or simply offer advice from the sidelines of the private sector, MBA graduates can probably count on some involvement. "I'll probably work, at least some of my career, in a non-for-profit," says Ms Jean Donnelley, a MBA student specialising in the area at Boston College. "But even in the private sector, my studies in non-for-profits will come in handy."

SEMINARS AND BRIEFINGS • by Vanessa Houlder

Group therapy for business leaders

If it's lonely at the top, meeting your peers can help. A look at the role of discussion groups

The idea that even top executives need to update their skills is becoming increasingly fashionable. But most senior managers find it hard to wrench themselves away from their desks to attend a course.

There is, therefore, a growing interest in short briefings and forums as way of keeping in touch with the latest management ideas.

Business schools go some way to fulfilling this demand. For example, Templeton College at Oxford and the Anderson Graduate School of Management at UCLA in Los Angeles are setting up biannual Oxford-UCLA Global CEO briefings. About 40 executives will be invited to attend the meetings, which will include faculty presentations and last a day and a half.

On the whole, however, business schools tend to have an ambivalent attitude to very short programmes. London Business School, for example, avoids them, citing its aim "to create long-term relationships both with individual managers and organisations who participate in the school's programmes and courses" as the reason. Its shortest open programme is "Competing for the Future", a two-day course with LBS's leading strategy specialist Gary Hamel, costing £3,250.

Making up for this business school resistance are briefings run by consultancies and conference organisers. CSC Index, for example, offers a Senior Management Interchanges programme – a series of meetings "designed to expose sponsors to the latest thinking on business and management issues". Featuring discussions with leading management theorists, the meetings are held in various locations in the US and UK.

Another example is Linkage, a Massachusetts-based company that runs conferences, seminars, workshops and other educational programmes. It is holding a two-day course on "global leadership development" in May, which will include presentations from academics such as Sumantra Ghoshal and Nancy Adler, workshops and "interactive problem solving sessions".

The idea of listening to leading management theorists will appeal to some managers. But many will find formal lectures and presentations irrelevant.

"The term executive education switches people off," says Mr Nick Holley, director of management development at Lex Service, the automotive group.

> Instead of a lecturer, there is a facilitator who steers discussion

Mr Holley criticises schools for talking in academic generalisations that are unrelated to the managers' own business. That said, Lex occasionally uses Insead's five-day Avira or six-week Advanced Management Programme. According to Mr Holley, these courses stand out "because of the quality of the networking".

Doubts about the relevance of formal lectures and presentations have fuelled demand for courses that focus on the interaction of participants. Instead of a lecturer, the course is likely to have a "facilitator" who brings the executives together and helps steer discussions. Meetings of this kind trade on the theme that it is "lonely at the top" and that chief executives have no-one to talk their ideas through with.

The Action Learning for Chief Executives course run by Ashridge Management College in Berkhamsted is described as "a supportive and confidential forum" in which to review current practices and formulate new ideas. Ashridge says that the programme is an opportunity to discuss issues with colleagues who understand your problems but are not part of your company. Each group devises its own timetable and subject matter, although everyone brings specific issues to the sessions. The forum, which costs £3,600 for five full-day meetings, is run over nine to 12 months.

A related concept underlies The Executive Committee (TEC), whose UK headquarters are in Kensington, London. The organisation, which has 3,000 members worldwide, co-ordinates regional groups of 12 to 15 chief executives who meet one day a month for sessions with a speaker, followed by a discussion of individual business issues. According to TEC, the aim is to provide "a supportive peer group in which chief executives meet for education, counsel, brainstorming and discussion".

The Academy for Chief Executives, based in Islington, London, is a similar organisation. Recently founded by a former facilitator for The Executive Committee, it runs groups with a maximum of 14 members. The aim is to provide updates on business developments and help executives continuously improve their personal skills. Group membership subscription is £700 per month, with a one-off joining fee of £350.

All these peer-group schemes are enthusiastically endorsed by their members. The snag, as usual, is time: finding dates that suit all the participants can be tough.

That is why Lex's Mr Holley takes the idea of learning from peers a step further: one-to-one mentoring by executives from different companies is often a better way to cope with diary problems, he says.

Whether organised in pairs or in groups, it is clear that managers enjoy working with their peers. Not only does it help overcome their sense of isolation, but it also provides them with practical advice on the issues that most concern them. "Management development is not about giving people answers," says Mr Holley. "It is about challenging them and helping them to meet people and find the answers for themselves."

APPLYING THE THEORY IN PRACTICE • by Richard Donkin

Many unhappy returnees

Participants can find life back in the office hard. A new Cranfield study reveals why

One of the biggest problems for executives who attend management development courses is applying the theory back in the workplace. The assimilation of management ideas and techniques within the employing organisation, therefore, is beginning to attract increasing attention from management schools.

Cranfield School of Management has just completed a body of research. It followed the progress of about 90 individuals through four of its general management programmes and contacted them afterwards to discover how they applied their new skills and how they were received by other staff when they returned.

Ms Sally Atkinson, a lecturer in organisational behaviour, and Mr David Butcher, senior lecturer in management development, undertook the study. They say the research is important for modelling future courses and for identifying competencies necessary to put management theory into practice.

They term the requisite underlying personal skills "meta-abilities". In order to define them, they asked course attendees to complete questionnaires between six months and 15 months after they had returned to their companies.

Some found the return to work difficult. Typically, they had little support from colleagues. One returning manager referred to the "dinosaurs at the top" who were not prepared to change.

It was common for managers to change roles in the six months after they completed the programme and this brought a continuity problem: in some cases, their new boss was not in a position to have a clear view of their performance and needs.

The relationship between the course attendee and an existing line manager could be far from supportive – sometimes there was active competition.

Often the reaction from line managers amounted to little more than indifference to the course input. They saw their role as administrative, one of going through the mechanics. Some had too little understanding of the principles behind management development and learning.

One of the biggest problems for returning managers was feedback from colleagues. Every manager on each of the programmes leaves with a personal action plan to provide the focus for what he or she needs to achieve at both a personal and organisational level. Managers said in the study that they found the personal level of the action plan easier to accomplish because it was within their control.

Not all ran into brick walls, however. One said he had received "tremendous support and encouragement from my manager" and had found an increasing willingness among his team to challenge and discuss issues. Additionally, his managing director was open to new ideas regarding organisational structure and strategy.

One manager felt less isolated because his peers and immediate supervisor had attended the same or similar programmes so understood what he was trying to achieve.

The research team concluded that one of the most important aspects of management training was bringing out and developing the underlying abilities necessary to make a business more responsive to change.

The study, still in draft form, defines six qualities that it considers necessary for effective management:

- Managerial knowledge – both acquisition of and translation into practice.
- Behavioural skills – principally, assertiveness, communication skills, the ability to influence and develop others.
- Cognitive abilities – to recognise and hold complex perspectives and conflicting concepts in the mind, plus the ability to shift perspectives, remain open-minded and consider possibilities.
- Self-knowledge – the ability to select from a range of behavioural options in response to a particular need.
- Emotional resilience – self-control, self-discipline, the ability to cope with pressure and bounce back from adversity.
- Personal drive – the ability to motivate yourself and others.

The Cranfield team believes management development courses can focus on areas such as self-insight far more effectively than anything that is possible in the day-to-day workplace.

The study asks: "How

Continued on page 5

ARTS

Cinema/**Nigel Andrews**

Watch this Space

Movie anniversaries are dangerous things. Like beribboned tripwires they set off a repeat hysteria – parties, tie-in products, TV plugathons – for films that in most cases had more than their fair share the first time around.

Now *Star Wars* is back. The hype for this humbly-budgeted space opera that grew into a lavish and lucrative trilogy scarcely seems to have paused in the 20 years since it was made. But at least the new "Special Edition" allows us party-poopers who dissented the first time round to retune our dissent in response to THX sound and computer-enhanced images.

STAR WARS
George Lucas

SPACE JAM
Joe Pytka

TROJAN EDDIE
Gillies McKinnon

There *are* graphic leaps forward here. Jabba The Hut, a giant talking slug who obviously modelled himself on Sydney Greenstreet, slurps and slithers to fine effect. The cities of that "galaxy far, far away" are conjured in finest detail, from the houses to the surreal creatures who walk, fly or bounce along its streets. (There are fetching, dandyish giant rats in Mos Eisley.) And the explosions and space fights all but blast us from his seat.

Yet what is it all for? And why, to us sceptics, does a movie often hailed as "mythic" seem like a collection of hand-me-down ideas dressed up to pass as new – handed down, furthermore, from hopelessly ill-matched sources?

Here are the endangered damsel (Carrie Fisher's Princess Leia) and the growling dragon of a captor (Darth Vader.) Here is the Arthurian hero-youngster (Mark Hamill's Luke Skywalker) who needs a mission to grow to manhood and a Merlin to guide him (Alec Guinness, droning on for his historic percentage points as Obi Wan Kenobi).

Here is Homo Humphrey-Bogartus (Harrison Ford's Han Solo), the rough but lovable cynic who will stand up to be counted if he can then sit down to count the reward money. And here, in another blind grabbing from the pop-cultural pot, are a gold-plated Jeeves (C3PO) escorting a babysized Bertie Wooster (R2D2) from mishap to mishap.

When attention flags, the makers throw in some overgrown muppets for the Mos Eisley bar scene. And when all pretence of a cogent or character-driven plot falls away, we lurch into the final hour of chases and hand-to-hand fights that could belong in absolutely any western, pre- or post-cybernetic.

The glass ceiling of achievement that *Star Wars* never rises above is cuteness. Cute robots, cute hero, cute one-liners. Whenever it aspires higher, towards a mythic resonance, it cracks its head on pretension. "May the Force be with you." What force? Life force? – religious faith? – cosmic energy? The moral for moviemakers is simple: Never define a line of dialogue so long as it sounds good, for it can go straight into the catch-phrase section in the tie-in product range.

All this and John Williams's Nietzsche-on-overdrive theme tune too: just when you thought you had got it out of your head, here it is again. There are still special editions of *The Empire Strikes Back* and *The Return Of The Jedi* to come. Keep watching – it looks as if we will have to – this Space.

Meanwhile, let me commend *Space Jam*. Living basketball legend Michael Jordan and living rabbit legend Bugs Bunny zoom about the cosmos in a live action/animation comedy that is more alive and animated than *Star Wars*.

The plot is silly, no question. A planetful of famous cartoon characters are hijacked by another, theme-park-style planet and then forced to buy back their freedom in a basketball game. But the film moves along like a dozen dust-devils, it is brightly drawn, and it is funny and lunatic in equal measures. May the Farce be with you.

★

In *Trojan Eddie* human beings walk the earth and one gives a sigh of pleasure. No being comes more human than Stephen Rea. His features were put together by God one ill-focused morning: here a too-large nose, there a prune-shaped moue of a mouth, atop it all a civil insurrection of hair.

This film by Scottish director Gillies McKinnon (of *Small Faces*) from a script by Irish playwright Billy Roche is perfect for Rea. As the fast-talking, fast-thinking and when necessary fast-running street huckster of the title, he is Puck to Richard Harris's Oberon. Playing the silver-headed boss of a band of travellers, Harris dandles Rea on the end of an invisible string. The young protégé whom the patriarch rescued from jail now acts as his Mr Everything: salesman, messenger, middle man, fall guy.

So Rea is in the storm's eye when an already convoluted plot advances into judicious chaos. Harris's new child-bride (Aislin McGuckin) elopes with Rea's best friend; one chap is beaten up, another murdered with a sheep-hook; and a suitcaseful of money runs around Ireland acting as a McGuffin, or O'Guffin, on overtime.

There are too many minor characters, of whom the women are required to do little but stand in doorways giving menacing or inveigling looks. It is hard to work out who belongs to whom, though "belong" the women do in what Roche and McKinnon depict as a virtual pre-Dark Ages society: one where the boss gazes down from his eyrie-like office above the junkyard and the minions get stuck in the mud below.

Even the sound effects boost the notion of a modern-dress, cottage-industry Greek tragedy. Listen for the weird Eumenidean howl – what is it, garage doors? – when a car posse starts up in pursuit of the elopers.

The glory of the film, though, is the Harris-Rea double act. The hatchet-faced old mummer has never been better, a wheedling Lear with hints of weakness at the heart of his braggadoccio. Rea, a young mirror-image, is all terror hastily combed into self-confidence. And was there ever a more sweetly surprising last laugh than the one he has at Harris's expense in the last scene in a cinema?

★

Fred Zinnemann, God bless him, also made films not set in outer space. The director of *High Noon*, *The Men* and *From Here To Eternity*, who died last weekend, was a terrestrial stylist with a gritty belief in the "message".

He fell foul of French and American auteurists in the 1950s/60s. For there is nothing left-wing cinephiles hate more than left-wing film-makers. Zinnemann, it is true, could be preachy, or prosaic. Who would heap praise on *Five Days In Summer* or *Behold A Pale Horse*? But *High Noon* is still wonderful. It has been unfairly castigated by those who praise Howard Hawks's ranger, visually richer riposte *Rio Bravo*. Zinnemann's town-in-danger tale, in which Gary Cooper first vainly seeks help, then shoots everyone himself anyway, is a little absurd. But it is marvellously free of sentimentality and fierce on the shortcomings of the "frontier spirit".

Sometimes, after all, only one man *does* stand up for freedom and honour. And sometimes that man has every right to throw his Sheriff's star in the dust, as Zinnemann allowed Cooper to do here, to the shock of a McCarthyised America gripped by notions of unAmericanism.

'Star Wars' is back: Alec Guinness drones on for historic percentage points as Obi Wan Kenobi in the Special Edition

Concert

Zander's Mahler

Just about two years ago at the Barbican, Benjamin Zander conducted the Philharmonia in a searing Mahler Sixth. It announced a conductor of rare and special Mahlerian sympathies, with a bracing scepticism about conventional Viennese or Bernstein-ish ways of addressing him. Last year he returned to conduct the towering Ninth Symphony; the performance positively radiated radical insights, searching afresh and deeply into the score.

Zander reappeared last week, this time in the Festival Hall, with the Second Symphony, the "Resurrection". Solo voices Jean Rigby (committed, but not in best vocal estate: the ideal mezzo timbre here should have a deeper pile) and lovely Nancy Argenta (who should have been placed back among the chorus, the more sweetly to ascend from them); Philharmonia Chorus in awesomely unanimous form.

Though the performance gripped at every point, it was not *revelatory* as Zander's Sixth and Ninth had been. The "Resurrection" Symphony is less complex and fractious music; it is painted with a broader brush, and an ear attuned more to mass effects than to the fraught polyphony Mahler would cultivate later. Many great conductors have explored it, and little room is left now for genuine surprises. In Zander's reading the chief novelties – all persuasive – were his chosen places for gear-shifts in the huge opening movement, which shaped its continuity plainly and forcefully.

After the glorious conclusion of the symphony, it was a shock to discover how long it had all taken. Zander's account had been not only slower than most, but generally quieter too. In the many long passages which chug away contrapuntally before gathering steam for an explosion, he secured bated-breath clarity – without anticipatory flashes – for all Mahler's wry, intricate workings-out. We found ourselves listening raptly to the interplay of *all* the voices in what usually sound like mere stages on the way to the next climax.

If I had a reservation about this splendid performance, it was only because a voice in my head occasionally remarked: "this conductor is deliberately cultivating deliberate tempi". Zander kept his orchestra so excitingly suppressed, for so long and so often, that one could not but scent a whiff of conscious contriving. Yet the musical results he achieved swept reservations aside. All told, the calculated sequence of events led to glowing heights, where any finicky doubt about the means of getting there just melted away.

David Murray

Theatre/**Alastair Macaulay**

Importance of Being Oscar

Oscar Wilde made his personality and life so theatrical that they seem heavensent to any latterday playwright and/or actor. *The Importance of Being Oscar* – written by the actor Micheál MacLiammóir and performed by him all over the world from 1960 to 1973 – is a splendid one-man entertainment, which Simon Callow more or less splendidly brought back to the London stage on Tuesday night.

"I put my genius into my life, my talent only into my work," Wilde said, and there is much to support this. Wilde was – or managed to become – flamboyant, tender, shocking, scholarly, charming, witty, open-hearted, self-contradictory, immodest, bisexual; perhaps the greatest master of the soundbite the English language has known, and brilliant at juggling frivolity and profundity at the same time. As for his life, it included self-publicity, recklessness, social climbing, American success, dazzling West End triumphs, scandalous trials, imprisonment with hard labour, social notoriety, and exile. The man *was* a play.

Callow's style – directed here by Patrick Garland – is best suited to one-man shows such as this. He has the personality and the technique (and the memory) to engage with Wilde for an entire evening (*The Importance of Being O.* lasts, with interval, two hours and 20 minutes); he has wit, flamboyance, and florid emotionalism. He enjoys both the big gesture and the grand display of vocal bravura.

True, there are aspects of Wilde's character that elude him: in particular, the loveable and un-English openness of spirit. But there are other aspects of Wilde to which MacLiammóir's text and Callow's performance pay unusual emphasis. These, however, though highly interesting, incline me, writing in the hour that follows the performance, to rate Wilde himself rather lower than I have for the last several years.

In particular, Callow's acting stresses – to the nth degree – the melodrama in Wilde's writing, and its relish for martyrdom. Callow plays to the hilt a crucial sentence like "Through the house was heard a cry of such horrible agony that the servants woke up one by one" (from *Dorian Gray*). However, he also squeezes every drop from the embarrassing extent to which Oscar parallels himself with the martyred Christ – in *Reading Gaol* (from the wine/blood connection through to the repeated betrayed-by-a-kiss point) and elsewhere – and I find this to be one *folie de grandeur* too many on Oscar's part.

Self-pity in Wilde is one thing, and very understandable in the light of his disgraceful treatment by almost all of England. But Wilde's self-dramatisation amid his self-pity is less likeable. "We are the zanies of sorrow", he writes about himself and other prisoners; the brave blitheness with which, changing tone, he then looks forward to beholding the laburnum and the lilac on his release is worthy, alas, only of Joan Crawford in her most gruesomely noble mode (though Callow comes close); and then – the letter is to Lord Alfred Douglas – he finishes by saying "Perhaps I have been chosen to show you . . . the meaning of sorrow, and its beauty." As tearjerking martyrdom goes, Oscar was an award-winner.

It is not the fashion to criticise Wilde, least of all for his suffering. Although the title *The Importance of Being Oscar* suggests a show critical of Wilde's life and personality, MacLiammóir's is certainly not that. Mainly it delights in quoting Oscar – his poems, his plays, his letters, his remarks to friends and journalists – and this is usually delightful, as in that letter to Douglas from prison: "The sentimentalist is merely a cynic at heart. Sentimentality is merely the bank holiday of cynicism . . . To the cynic, nothing is ever revealed." Witty, beautiful, compelling stuff.

Savoy Theatre, London WC2.

Jazz/**Garry Booth**

Blood on the Fields

Few jazz composers have successfully confronted the challenge of extended orchestral work without wandering out of the idiom and falling into the third stream. Ellington succeeded with the *Black, Brown and Beige* suite; Mingus made it (posthumously) with *Epitaph*. And so jazz waited a long time for *Blood on the Fields*, Winton Marsalis' magnificent three-hour oratorio for Jazz At Lincoln Center. An unflinching portrayal of the tragedy of slavery, Marsalis' work is both uplifting and deeply moving.

Blood on the Fields follows the misfortunes and ultimate redemption of two slaves, Jesse and Leona, whose parts are taken by singers Miles Griffiths and Cassandra Wilson. The part of Juba, who cancelled the pair on the path to spiritual freedom, is sung by scat veteran Jon Hendricks. The band, 14 pieces, provide the chorus and chanted narrative.

On Tuesday at the Barbican Hall, on the last night of a European tour, Marsalis' music, arrangement and libretto meshed deliciously. The brass section, anchored by Wycliffe Gordon's tuba, played with the loose-tightness that non-US orchestrators dream of. Sections of swing, blues, soul and dissonance mutated one from the other to be criss-crossed by stellar solos from horns (though tantalisingly few from the trumpet leader) and voices. Cassandra Wilson, whose molasses-sweet contralto voice flowed across the changes, exuded voluptuous sensuality in her reading of the composer's rich melodies.

Marsalis undoubtedly took a risk with this project. Such as been his high profile as an often arrogant master soloist and outspoken jazz purist, that more than a few have been waiting for the JALC's artistic director to put a foot wrong. A three hour jazz opera based around the tradition could easily have provided the tripwire. But *Blood on the Fields* confounds his critics and consolidates his reputation as an original thinker within a precious tradition.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Matthäuspassion: by Bach. Conducted by Kurt Sanderling and performed by the Koninklijk Concertgebouworkest, the Orkest Nederlandse Bachvereniging, the Koor Nederlandse Bachvereniging and the Jongenskoor van de Kathedraal St Bavo. Soloists include Vasilijka Jezovsek, Andreas Scholl, Otto Bouwknegt and Peter Kooy; Mar 23

■ BERLIN

EXHIBITION
Museum für Ostasiatische Kunst Tel: 49-30-8301382
● Zhi-yuan - Der Garten des Verweilens. Bilder eines chinesischen Gartens von Zhang Hong: exhibition of work by the Chinese artist Zhang Hong, whose realistic images of gardens produced in the early 17th century were influential for a number of European missionaries in China at that time; to Apr 27

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Don Giovanni: by Mozart. Conducted by Olaf Henzold, performed by the Deutsche Oper Berlin. Soloists include Ferruccio Furlanetto, Amanda Halgrimson and Clemens Bieber; Mar 23
Staatsoper Unter den Linden Tel: 49-30-20354438
● Le Rossignol: by Stravinsky. Conducted by Pierre Boulez, performed by the Orchestre et Choeur des Théâtre du Châtelet. Soloists include Natalie Dessay, Wendy Hoffmann and Wolfgang Bünten. Part of the Festtage 1997; Mar 23

■ COLOGNE

ART & ANTIQUE FAIR
Kölner Rheinhallen
● Westdeutsche Kunstmesse: the 28th Westdeutsche Kunstmesse International features 156 dealers from seven countries with highlights including works by Goya, and a number of German Expressionist works; to Mar 23

■ DUBLIN

CONCERT
National Concert Hall Tel: 353-1-6711888
● The Irish String Trio: with violinist Sheila O'Grady, violist Elizabeth Csibi and cellist Moya O'Grady, accompanied by flautist Marie Comiskey and pianist Deborah Kelleher perform works by Mozart and Shubert; Mar 21

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Concerto Grosso Frankfurt: with conductor and pianist Irina Edelstein perform works by Milhaud, Françaix, Debussy and Ravel; Mar 22
Jahrhunderthalle Hoechst Tel: 49-69-3601240
● Philharmonia Orchestra London: with conductor Esa-Pekka Salonen and violinist Frank Peter Zimmermann perform works by Ravel, Ligeti and Bartók; Mar 23

■ LONDON

DANCE
Royal Opera House - Covent Garden Tel: 44-171-2129234
● La Bayadère: choreographed by Natalia Makarova after Petipa to music by Minkus, performed by the Royal Ballet. Soloists include Sylvie Guillem and Jonathan Cope; Mar 22

EXHIBITION
Christie's Tel: 44-171-8399060
● Houghton at Kenwood: exhibition of Old Masters from the collection of Sir Robert Walpole, Britain's first prime minister. The paintings were transferred to Houghton Hall, Norfolk on Walpole's fall from power, where they remained for a further two generations until almost 200 pieces were sold to Catherine the Great of Russia in 1779. Two centuries later some of these paintings have been returned, on loan for this exhibition; to Apr 20
Whitechapel Art Gallery Tel: 44-171-5227888
● Antechamber: exhibition of work by five artists: Francis Alys, a Belgian painter who commissions billboard copies of his work; David Austen, a British painter influenced by images of antiquity; Claude Heath, a British artist who produces giant wall drawings whilst blindfolded; Steven Pippin, a British artist who finds unexpected uses for technology and Annelies Strba, a Swiss photographer who uses multiple projectors to present her work; from Mar 21 to May 18

JAZZ & BLUES
Ronnie Scott's Tel: 44-171-4390747
● Joe Lovano Quartet: performance by the jazz saxophonist; Mar 24, 25, 26, 27, 28, 29

■ LOS ANGELES

EXHIBITION
The J. Paul Getty Museum Tel: 1-310-459-7611
● Manuscript Illumination of the Thirteenth Century: exhibition of 19 works from the museum's collection of European illuminated manuscripts exploring the art of painting in books in the 13th century. Many artists from this period achieved dramatic new effects with a combination of reflective gold and saturated, jewel-like colour; to Apr 6

■ MUNICH

OPERA
Cuvilliés-Theater - Altes Residenztheater Tel: 49-89-296836
● Parsifal: by Wagner. Conducted by Peter Schneider and performed by the Bayerische Staatsoper. Soloists include Marilyn Schmiege, Caroline Maria Petrig and Jennifer Trost; Mar 23

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Galina Gorchakova and Larissa Gergieva: the soprano and the pianist perform works by Glinka, Tchaikovsky, Rimsky-Korsakov, Balakirev, Dragomyzhysky and Rachmaninov; Mar 23

EXHIBITION
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Some Women: an exhibition of portrait busts of eight women, in bronze and marble, by artists including Rodin, Lehmbruck, Brancusi and Giacometti; to Apr 6

■ PARIS

CONCERT
Théâtre de la Ville Tel: 33-1 42 74 22 77
● Christian Zacharias: the pianist performs works by Schubert; Mar 22

EXHIBITION
Centre Georges Pompidou Tel: 33-1-44 78 12 33
● La Photographie Contemporaine Dans les Collections Nationales: exhibition featuring photographs by contemporary artists such as Christian Boltanski, Alain Fleischer, Annette Messager, Jun Shiraoka and Helmut Newton; to Mar 31

■ STOCKHOLM

CONCERT
Stockholms Konserthuset Tel: 46-8-7860200
● Filharmonikerna: with conductor Petter Sundkvist and clarinetist Hermann Stefánsson perform works by Mozart, Parmerud and Bizet; Mar 22

EXHIBITION
Nationalmuseum Tel: 46-8-6664250
● Chambers & Adelcrantz: exhibition examining the work of Swedish-born 18th century architect Sir William Chambers, alongside a separate section dedicated to his contemporary Carl Fredrik Adelcrantz; to Apr 20

■ VENICE

OPERA
Gran Teatro la Fenice Tel: 39-41-786511
● Falstaff: by Verdi. Conducted by Isaac Karabtchevsky, performed by the Orchestra e Coro del Teatro la Fenice. Soloists include Angelo Veccia and Lidia Tirendi, at the PalaFenice; Mar 21, 22, 23

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands. **Tel: 31 20 664 6441. E-mail: artbase@pi.net**

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV
(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

TECHNOLOGY

- Mines currently planted worldwide: 100m plus
- Countries with minefields: 60 plus
- Mine deaths per year: 10,000-20,000
- New mines laid each year: 2.5m
- Mines cleared each year: 100,000
- New mines in storage: 100m
- Number of mine models: 600 plus
- Clearance cost per square km: £1m
- Traditional mine detection methods: metal detectors, dogs and probes
- New detection technologies: ground probing radar, infra-red imaging, magnetic induction, biosensors, radiometry, nuclear quadrupole resonance, synthetic aperture radar, electrical impedance tomography and others

Source: consensus of various estimates

Designers of land mines are always one step ahead of those trying to clear them, finds **Ken Hill**

Battle with death underfoot

The campaign for a world ban on the use of anti-personnel land mines received a fresh boost yesterday when Diana, Princess of Wales, presented a bravery award to 33-year-old Chris Moon, who lost his right leg and hand clearing mines in Mozambique.

Diana's efforts, which began with her controversial visit to Angola in January, are assisting long-term campaigning by the Red Cross and other aid agencies. This is edging more countries towards banning the manufacture and deployment of anti-personnel land mines – South Africa, for example. But even if no more land mines were laid worldwide, it would take 1,000 years using existing methods to clear all the 100m anti-personnel and anti-tank mines already laid.

Detection technologies are having to keep pace with those of the land mines themselves, which are becoming increasingly sophisticated. For instance, mines made almost entirely of plastics are cheaper to produce, and very difficult to find with a metal detector.

Newer types of mine include one sensitive to electro-magnetic radiation that could be triggered by some detectors. Researchers have worked out what weight and mass of fragment will cause most damage in human flesh.

Where there is a clear military reason for clearing mines, such as moving troops through a battle zone, all sorts of ground-pounding devices, rollers and explosive ropes have been developed. Unfortunately, however, progress has been slow where the military role is less clear.

Systems for demining former battle areas have not changed significantly since 1945. Local information, and dogs trained to detect the smell of explosives, may help to establish the limits of a mined area. Then a team of two people goes in. One has a metal detector, and scans a 1m-wide path. The other has a probe to check gently whether signals are from a mine or from shrapnel, or some other harmless piece of metal. There could be many, many false alarms.

The difference in attitude towards mine clearance during and after a battle was highlighted in 1984 following British action in the Falklands. Five types of plastic anti-tank and anti-personnel mines had been laid by the Argentinians, plus four with metal casings.

The UK Ministry of Defence funded research into a ground probing radar device which had shown promise, and after a two-year, £2m programme involving 80 people, a new version located every plastic mine buried in a field test. But the Falklands clearance programme was stopped: the ministry said there was no military requirement, and the Foreign Office said there was no political reason.

More recently, the challenges of post-battle mine clearance have been illustrated by the situation in Croatia. Robert Keeley of the UN mine clearance programme finds the main threat in his area comes from mines in urban areas with a tiny amount of metal in them. "What would make our job easier," he says, "is knowing the real extent of a minefield.

"We find an awful lot of clear ground when we go into an area that local people think is mined. Maybe remote sensing from an aircraft would help. Until we have that, and a reliable plastic mine detector, we shall continue with our manual methods."

There are still plenty of metallic mines to keep clearing teams busy – in Cambodia, Afghanistan, Angola, Laos and other battle-scarred countries. But even after the Falklands and the Gulf war, where plastic mines were also used extensively, the demand for a plastic mine detector cannot be met.

At an international conference in Edinburgh last year on mine detection and clearance, 35 papers were presented, most on research being conducted into technologies with relevance to land mine detection.

A new mine detector should comprise sensors of two or three types in a hand-held device, or more if mounted in a vehicle

Mine detection technology still seems to be moving slowly, and in diverse directions. Commercial companies naturally hesitate to undertake expensive research towards an expensive product, when the biggest market for it is developing countries which are strapped for cash.

One participant at the conference, sponsored by the Institution of Electrical Engineers, claimed to detect some movement towards concerted action. He is Alistair Craib, who worked closely with researchers on the Falklands project as a major with the Royal Engineers, and is now an independent consultant on land mine clearance.

"It used to be that the researchers would meet at various conferences and present their work," he says, "then exchange greetings with counterparts in other organisations before going back to continue their work in isolation."

Now, he says, "there are some instances of companies with complementary technologies getting together within a country – others where two or three countries are setting up projects, and I see movement at EEC and Nato towards more co-operation."

Craib says there is a hardening consensus that a new mine detector should comprise sensors of two or three types in a hand-held device, or more where they are mounted in a vehicle.

Ground probing radar and infra-red imaging are gathering support as a hand-held sensor duo. Also being researched is a biosensor that can match the sensitivity of a dog's nose to explosives, but without the need for a long period of training and loss of sensitivity after 20 minutes or so.

Several versions of ground probing radar are in development. Project leader for the Falklands research programme was Richard Chignell, who then set up his own company, Emrad, in the south of England to continue work on the technology.

Backed by a consortium of gas companies in New York, Emrad is marketing its first product, Pipe Hawk, to locate plastic and other pipes underground for the utility industries. Its success has also been recognised in other areas – in the UK, notably for leading police to the remains of the victims of Frederick West in Gloucester, and mapping tunnels dug by anti-road protesters in Devon.

"If we were to look at a mine detection project again," says Chignell, "my first priority would be vehicle-mounted radar for detection, then in a second stage, infra-red imaging for recognition. A magnetic sensor would also help. With funding, a system could be rapidly developed for effective operation in a specific theatre, whether the military or a non-government organisation."

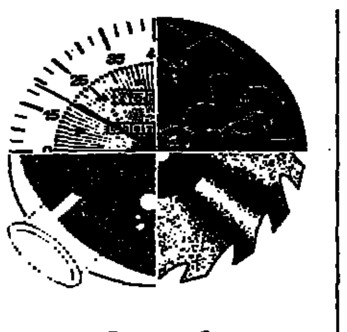
Mick Gillman, head of the counter-mine warfare department at the UK's Defence Evaluation and Research Agency, says there has been significant progress over the past two years in a number of technologies. "We are now field testing approaches that could once only operate under laboratory conditions," he says. "But the 'silver bullet' that reliably finds all mines in all circumstances is still a long way off."

For hand-held sensors the agency is focusing on ground probing radar and infra-red systems to check the size and shape of objects, and nuclear quadrupole resonance to determine whether they contain explosives. This technology, which has been employed at airports to scan luggage, uses radio frequency signals from nuclei in the explosives.

Ultra-wide band radar is also being considered, primarily for vehicle-mounted systems. "The approach depends very largely on soil type and conditions, hence there is not one single technology solution," says Gillman.

Until such technologies are perfected, it seems the best strategy the world wants to afford is still two people and a dog, with technology half-a-century out of date.

Worth Watching · Vanessa Houlder



New view of cancerous tissues

An optical technique to monitor oxygen levels in blood and muscle could eventually be used to detect breast cancer as an alternative to X-ray mammography.

Researchers at the University of Hertfordshire say the approach, optical tomography, can provide useful information about the health of tissue and blood supply, although it cannot produce the same clear images as X-ray systems.

The computer-based system gives information about the oxygen contained in tissue by creating images of how light is absorbed and scattered within it. As a result, it can detect the increased blood supply required by rapidly multiplying cells in cancerous tissue.

Another goal of the research, which will be presented at the Institute of Physics Annual Congress in Leeds this month, is detecting whether tissue is healthy or gangrenous.

University of Hertfordshire: UK, tel (0)1707 284606; fax (0)1707 284644.

Pigs that fly down oil pipes

An ultrasensitive inspection tool which can detect tiny cracks in oil and gas pipes has been developed in Germany. Until to now, these inspection tools, known as "pigs", have generally been used to identify larger defects such as dents or corrosion.

The 8m inspection tool consists of one section with up to 896 ultrasonic sensors, coupled with two hermetically sealed pressure vessels containing batteries, computers and electronics systems. It can survey hundreds of kilometres of pipelines in a single run, storing its findings in an on-board computer. The tool was designed by Pipetronix with the Fraunhofer Institute for Non-Destructive Testing.

Fraunhofer Institute for Non-Destructive Testing: Germany, tel 6813023890; fax 68133054.

The shape of drugs to come

Sepracor, a US biotechnology company, has completed phase III trials of one of the first drugs to be made through "chiral purification", which means that one of the two mirror images of the same molecular shape has been removed, *writes Daniel Green.*

The idea is that if one of the two shapes is responsible for side-effects, then the purified version should be as effective as the mixture, but with fewer side-effects.

Sepracor's asthma drug, levalbuterol, is a chirally pure version of Ventolin, manufactured by UK drugs company Glaxo Wellcome, and Proventil, made by Schering-Plough of the US. It says the trials showed that not only were side-effects lower but that the drug's effectiveness, as measured by lung function, was higher than with the unpurified version.

The company will apply for US marketing approval in June.

Sepracor: US, tel 5084816700; fax 5087870794.

Devices set to shrink further

An improved chemical deposition process could pave the way for smaller, faster microelectronic devices, according to US researchers.

Researchers at the University of Illinois have developed a new approach to depositing thin layers of titanium disilicide, which is widely used for making contacts to transistors in integrated circuits.

They refined the technique known as chemical vapour deposition by injecting the reactants in a gas phase at a relatively low temperature. The process can be used on smaller device structures while being compatible with existing manufacturing techniques.

University of Illinois at Urbana-Champaign: US, tel 2173331085; fax 2172440161.

BUSINESS AND THE LAW

Worker cannot transfer rights

EUROPEAN COURT

When a company dismisses its employees following the loss of a service contract, those employees will not necessarily be able to rely on Community provisions governing company transfers, the European Court of Justice ruled last week.

The Court's ruling arose in the context of a case concerning a cleaner called Mrs Szen, who had been employed by a company to clean a German school. The school terminated its contract with the company in June 1994 and dismissed all of the cleaners. The contract was then awarded to another company which did not re-employ any of the dismissed cleaners.

Mrs Szen brought proceedings before the Bonn Labour Court in which she sought a declaration that the notice of dismissal served by her former employer had not ended her employment relationship with that company.

The German court considered that the case turned upon the interpretation of the Council directive on the approximation of the laws of the member states relating to the safeguarding of employee's rights in the event of transfers of undertakings, businesses or parts of businesses. The national court therefore stayed proceedings pending a preliminary ruling from the European Court of Justice as to whether the directive applied to the case.

The directive provides that it should apply to "the transfer of an undertaking, business or part of a business to another employer as a result of a legal transfer or merger". The Court found that the aim of the directive was to ensure continuity of employment relationships within an economic entity, irrespective of any change of ownership. The decisive criterion for establishing the existence of a transfer was whether the entity in question had retained its identity. That was indicated in particular by whether its operation was actually continued or resumed.

The Court held that the directive was applicable whenever there was a change in the natural or legal person who was responsible for carrying on the business and who incurred the obligations of an employer towards employees of the undertaking.

However, for the directive to be applicable, the transfer had to relate to a stable economic entity whose activity was not limited to performing one specific works contract. The term "entity" therefore referred to an organised grouping of persons and assets facilitating the exercise of an economic activity which pursued a specific objective.

To determine whether the conditions for the transfer of an entity were met, it was necessary to consider all of the circumstances of the transaction in question. It was relevant to note the type of undertaking or business concerned, whether or not its tangible assets were transferred, the value of its intangible assets at the time of the transfer, whether or not the majority of its employees were taken over by the new employer, whether or not its customers were transferred, the degree of similarity between the activities carried on before and after the transfer, and the length of any suspension of those activities.

An entity was not defined merely by the activity entrusted to it. The mere loss of a service contract to a competitor could not therefore of itself indicate the existence of a transfer within the meaning of the directive. In those circumstances, the service undertaking previously entrusted with the contract did not, on losing a customer, thereby cease fully to exist, and it could not be considered that a business or part of a business belonging to it had been transferred to the new awardee of the contract.

The Court therefore ruled that the directive would not apply to the factual circumstances of the case described in the questions referred by the German court.

C-13/95: Ayse Szen v Zehnacker Gebäudereinigung GmbH Krankenhausservice, ECJ FC, March 11 1997.

BRICK COURT CHAMBERS BRUSSELS

Legal trap laid for City poachers

A High Court ruling may deter financial institutions from luring staff away from rivals, says **Robert Rice**

Holding on to key staff is becoming tougher for financial institutions in the City of London. This was underlined by the recent case of Mrs Nicola Horlick, who resigned from her job as a senior director of Morgan Grenfell Asset Management after being suspended for allegedly holding talks with ABN Amro, the Dutch bank, on a mass defection of fund managers from MGAM.

Since Big Bang 10 years ago and the influx of international rivals, competition among investment banks for teams of traders has become intense.

With US investment banks, in particular, prepared to pay large sums to traders to secure their services, poaching has become a way of life and many institutions have found themselves powerless to protect their businesses. Restrictive covenants designed to prevent traders from defecting to rivals – which are often signed in return for handsome financial rewards – have not proved worth the paper they are written on.

Last month, however, the High Court upheld restrictive covenants against three managers working as inter-dealer brokers with Dawnay Day, an investment bank, in a decision that offers City institutions some hope that the tide may have turned.

The case is unusual in that the three managers – Mr Frederic de Braconier D'Alphen, Mr Patrick Johnston and Ms Sally Ann Parkman – had entered into a joint venture with Dawnay Day in 1992.

At the time all three had been working as inter-dealer brokers in French and Belgian government bonds for Euro Suisse Securities. By the terms of the shareholders' agreement they struck, Dawnay Day would provide the capital for the venture and the three managers would bring their skills and experience as well their teams of brokers

It was agreed that they would form a company to act as the joint venture vehicle, to be called Dawnay Day Securities (DDS). The three managers were to be joint managing directors of DDS and were allocated half the equity capital for a nominal sum of £150. Their common intention was to build up the business to a point where it could be floated or sold.

DDS did very well and expanded rapidly between April 1992 and November last year. Each of the managers during those four years received £300,000 in basic salary and more than £660,000 in net dividends – equivalent to more than £800,000 with the 20 per cent tax credit. In addition they had company cars, health and life cover and an extensive travel and entertainment budget.

On November 11 last year, however, without warning they gave three months' notice and on the same day entered into service agreements with Cantor Fitzgerald International, the large US investment bank.

The preliminary issue before the High Court was whether restrictive covenants in the shareholders' agreement were enforceable as a reasonable restraint of trade.

Broadly, the covenants were: a non-compete covenant preventing the managers from joining or being connected with any business competing with DDS's eurobond broking business; a non-solicitation covenant preventing the managers from soliciting DDS's clients; and a non-solicitation covenant preventing them from soliciting DDS employees.

All covenants were, at the stage the case came to court, expressed to run for a year from the date each manager ceased to be an employee or director of DDS.

In the days following November 11, it soon became apparent to Dawnay Day that the 11 brokers who worked for the three managers were also preparing to leave. In one fell swoop the bank was in danger of having its eurobond broking business stripped.

The most unusual aspect of the case was that the body entitled to enforce the covenants was not DDS, but Dawnay Day.

The managers argued that the bank's only interest was as an investor, and as such it had no legitimate interest which needed protecting by the covenants. The court, taking a pragmatic view, disagreed. The bank was more than an investor, it said. Not only had it provided start-up capital, premises, facilities and administrative back-up, it had joined the three managers in a new, risky trading venture to be carried out through the medium of a limited company. In consequence, the bank had a legitimate proprietary interest to protect through the restrictive covenants.

A more difficult question was whether an employer has a legitimate interest in maintaining the stability of its workforce. It was here that the court moved the law forward.

Mr Justice Walker had two conflicting 1993 Appeal Court decisions to choose between. In the Hanover Insurance case, the Appeal Court ruled an employer did not have a legitimate interest in maintaining a stable workforce such as to put restrictions on the poaching of its staff. However, in Ingham, decided three months later, the court said an employer had a legitimate interest in maintaining a stable, trained workforce.

Mr Justice Walker decided to follow Ingham. Taking account of all the circumstances, the small size of the bond-broking community, the specialised and competitive nature of the business and the importance of the team element, he decided Dawnay Day had a legitimate interest in preventing the poaching of its bond-broking team.

The judge also said the bank had a legitimate interest in safeguarding client connections, particularly as it had spent so much money on entertaining clients.

The next question was whether the covenants were a reasonable restraint of trade. A crucial factor in the court's finding that the non-compete and non-solicitation of clients covenants were reasonable and should be upheld was that the shareholders' agreement was a commercial bargain between business people of broadly equal bargaining power. In such cases, the court said, the general principle was that the parties were the best judges of what was reasonable.

The non-solicitation of staff covenants in the shareholders' agreement were held to be an unreasonable restraint of trade because they were too wide, in that they applied to all DDS staff from the lowest to the highest.

However, the judge had little difficulty in upholding similar covenants in the managers' service contracts which applied specifically to non-solicitation of senior employees and directors of DDS.

The managers and Cantor Fitzgerald are to appeal. But Mr Guy Naggar, Dawnay Day's chairman, claimed victory. By the time the Appeal Court had dealt with the appeal, the one-year restrictions would all but have served their purpose, he said.

All 11 brokers who had worked for the managers had been retained and, after a couple of sticky months following the resignations, business had returned.

He also hailed it as a landmark decision with far-reaching implications for other teams attempting to leave businesses en masse. "Good people build a following within a bank or brokerage house and after a while they think it's all them and that they can move and get the benefit of anything that's been built up. But they forget we have paid for it and the business has been built up within the institution."

Mr Roger Hopkins of Hobson Audley Hopkins & Wood, Dawnay Day's solicitors, also believes the case is of great significance to the City. In particular, the judge's decision to follow the Ingham case and rule that an employer does have a legitimate interest in maintaining a stable, trained workforce has wide ramifications, he said.

"If you can just dislodge key people and they aren't bound by restrictive covenants and they can pull out others to follow them, you can effectively remove the business from a rival without actually having to buy it. That's very undesireable in the marketplace."

Mr Hopkins said that in looking at restrictive covenants the courts had to achieve a balance between respecting agreements and catering for the doctrine that contracts in restraint of trade are contrary to public policy and should not be upheld.

However, the balance shifts according to what the particular view of public policy is at any one time, he said, and clearly the court had signalled it was time for a change.

"In the past 10 years, big money has been offered to lure people away, often with devastating effects on businesses. You can't plan ahead; you've got to have these people for the business, but they can just up and off and who is left holding the baby? Answer: the company.

"So public policy has to shift to cater for this, especially in the current climate, with US banks, in particular, throwing money at people."

COMMENT & ANALYSIS

FINANCIAL TIMES

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Thursday March 20 1997

Talking to Boris

President Boris Yeltsin remarked recently, with evident satisfaction, that he would be the fitter of the two participants in today's Helsinki summit. He could almost have been referring to their political as well as physical health. Mr Yeltsin has just staged yet another spectacular recovery, while Mr Bill Clinton is beset by scandals and has just lost one of his close advisers.

Both presidents are in fact "comeback kids", and both face hostile legislatures. The difference is that Russia's constitution enables Mr Yeltsin just about to snap his fingers at the Duma, while Mr Clinton has to duck and weave to avoid being paralysed by Congress.

The balance of power between the two countries, however, is quite the opposite: Russia weakened, impoverished and fragile; the US still a global superpower with a strong economy. That imbalance makes the meeting a delicate one for both sides. Mr Yeltsin may feel obliged to talk tough in order to avoid looking like a suppliant. Mr Clinton has to treat him with respect and courtesy, yet avoid making undesirable concessions.

Specifically, Mr Clinton has to convince Mr Yeltsin that the west values Russia as a partner, and that Russia has nothing to fear from Nato's expansion, while firmly resisting any Russian pretension to decide which former Soviet satellites or republics have the right to join, either now or in the future.

It would be equally unacceptable for Nato to object to any voluntary alliance, or even integration, between Russia and other neighbouring states – the most likely candidate at present being Belarus. It might reasonably insist, though, that the consent of the Belarusan people be verified by a fully democratic procedure, more demonstrably in accordance with the norms of the Organisation for Security and Co-operation in Europe (OSCE) than the referendum which President Anatoly Lukashenko staged last year.

There is much that Nato and the US can do to integrate Russia more closely into the emerging European security system. They have already proposed defining the Nato-Russian partnership in a charter which would establish a permanent joint council, with clear principles and arrangements for consultation, co-operation and joint action in peacekeeping, defence, arms control, nuclear safety, non-proliferation and emergency relief.

They have also tabled far-reaching amendments to the treaty on conventional forces in Europe, which would rule out any big build-up of Nato forces along Russia's borders.

With goodwill and effort on both sides it should still be possible to reach agreement on these matters before Nato's July summit, at which the formal invitations to new members are expected to be issued.

Mr Clinton should listen carefully to any proposals Mr Yeltsin makes for the strengthening of the OSCE, or of Russia's role in it. But he should not enter into a negotiation with Mr Yeltsin over Nato enlargement. Nor should he expect Mr Yeltsin to withdraw his opposition. The best that can be expected from this meeting is an agreement to continue talking, and not to let disagreement on one issue poison the entire relationship.

Rogue control

How should management be held accountable when a rogue trader brings an investment firm to its knees? It is a question that has been sending angry ripples through the upper echelons of the City of London in recent months. Now the debate is coming to a head, with the Securities and Investments Board preparing proposals to clarify bosses' responsibilities when controls break down.

Not a moment too soon. The Barings collapse was the most egregious recent case of weak management failing to detect the concealed losses of a wayward employee. Since then, Jardine Fleming, Deutsche Morgan Grenfell and NatWest Markets have all found similar reason to rue inadequate risk controls. None of these accidents would have occurred if senior management had paid due attention to internal controls and the balance between risk and reward.

Should managers, then, be placed in the dock? The Securities and Futures Authority has proposed that, when firms suffer significant financial damage, a designated senior executive should be called to prove that he was not to blame. Failure to do so could lead to punishment.

This proposal has the presentational merit of closing the gap in the rules that allowed the most senior of Barings' top brass to escape with only mild censure. But by presuming guilt unless innocence can be proved, it seems to some to violate natural justice – and might be open to challenge through judicial review or appeal to the European Court of Human Rights.

The result is something of a muddle, with the SFA board apparently divided down the middle on the issue. Now SIB has stepped in, with its attempt to elaborate accountability principles that could apply to the financial services industry as a whole.

The regulators should not be deterred. Top management of investment firms needs to be strengthened in the interests of investors and employees alike. Bonus schemes that reward risk-taking without penalising losses, for example, are an incitement to reckless behaviour.

General managers need to guard against the adverse consequences of such systems, and when they fail it is right that they be held to account.

SIB's challenge is to find a way of bringing managers to face their responsibilities without entangling them in a deeper thicket of legalistic argument.

Latin zeal

Latin America's economic revival appears back on track. The region's annual growth rate over the next two years is expected to rise towards 5 per cent, and inflation is likely to fall to its lowest level in decades. Mr Enrique Iglesias, president of the Inter-American Development Bank, says growth could soon reach 6 per cent – a level that would start to counter the region's awful poverty.

The prospects for growth – and the expectation of large-scale privatisations in Brazil – have generated growing enthusiasm among international bankers. Some is warranted, but they should take care. Intense competition means that margins have been cut to the bone. Some banking business in the region cannot be profitable, and an excess of generosity at this stage would neither be good for the lenders themselves, nor for the borrowing countries.

That is not to say a disaster is in view, even if US interest rates rise in the near future. The economies of Latin America are in much better balance than in 1994. They have reduced significantly their reliance on short-term debt. Moreover, most investors have learned the lesson of the Mexican crisis of 1994-95 and the concentration of risk built up then does not seem to be recurring.

The region is not yet out of the woods, however. The reforms that have opened Latin American economies and made them more responsive to market forces have succeeded in increasing growth. Barring unexpected political or external shocks, it looks sustainable. But it has not been enough to raise the living standards of populations significantly.

An overall positive picture hides deep problems in some countries. There are difficult political and economic issues in the Andean countries, such as Colombia. In Mexico, it will take years for some people to recover their standards of living brought about by the harsh recession of 1995. Many states are threatened by the influence of drug traffickers supplying the US market.

Reform is still needed on several fronts, including tax systems, labour markets, improving conditions for savings and investment, and reforming corrupt and bankrupt state institutions. The list is long. Politically, it may very well be more difficult to achieve than the reforms so far. Optimism, then, is in order; great enthusiasm is not.

Capacity for change

The proposed merger of Germany's biggest steelmakers is likely to spur a shake-up in the European industry, says Stefan Wagstyl

After more than 15 years of negotiations, Krupp Hoesch and Thyssen, the giant German industrial companies, have given themselves eight days to reach agreement on pooling their interests in steelmaking. If they succeed, the consequences could be felt by the European steel industry for the next 15 years.

A full merger would turn two medium-sized producers into Europe's third-biggest and the world's fifth-largest manufacturer. But it would also accelerate the slow rationalisation of the European steel industry.

It could help pave the way to the creation of more modern and streamlined steel production. It could also lead to the internationalisation of an industry in which companies still largely operate within national boundaries.

However, much will depend on how far and how fast the partners are able to go with rationalisation in the face of intense opposition in Germany to job cuts. Mr Gerhard Cromme, the Krupp chairman, has already been forced by political pressure to abandon the drastic option of a hostile bid for Thyssen.

With German unemployment at its highest levels since the 1930s, German politicians will seek to restrain serious cuts in the combined groups' 192,000 workers, 58,000 of them in steel.

Chancellor Helmut Kohl called for a "reasonable solution" and urged both companies to "live up to their responsibilities".

Investors believe the companies will extract financial gains from their plans. Krupp and Thyssen shares, suspended since the hostile bid was announced on Tuesday, have soared in the grey market. Rival producers' shares are also up, with British Steel and Usinor Sacilor of France up 3.1 per cent and 6.7 per cent respectively since Monday.

"Greater synergies would be have been possible by combining the Thyssen and Krupp groups," says Mr Terence Sinclair, steel analyst at Salomon Brothers. "But with the focus on just steel you get the bulk of the benefits with perhaps less social pain."

The European industry has welcomed the partnership plan as it has greeted similar rationalisation proposals in the last 15 years.

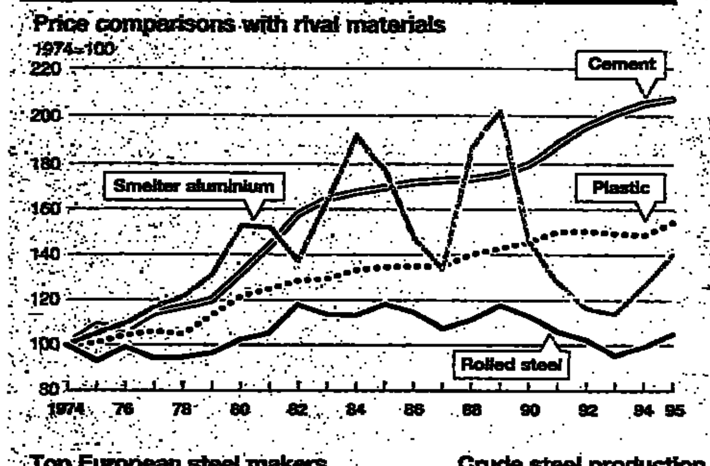
"Krupp and Thyssen have been discussing for a long time," said Eurofer, the European steel producers' association. "But we look very positively on this latest development."

British Steel said it welcomed "anything that could lead to reduce capacity in Europe". Usinor Sacilor said it looked on the Krupp-Thyssen moves "with great interest".

European steelmakers' problems lie in the creation after the second world war of politically-dominated producers – some, as in France and the UK, nationalised while others, as in Germany, were privately owned but under tight government control. After rapid post-war expansion, the industry was left with excessive costs and surplus capacity in the 1970s. Big job cuts followed, with the industry reducing workers from over 900,000 in the early 1970s to about 330,000 and raising productivity dramatically with the support of massive state aid.

European steel: braced for rationalisation

Price comparisons with rival materials



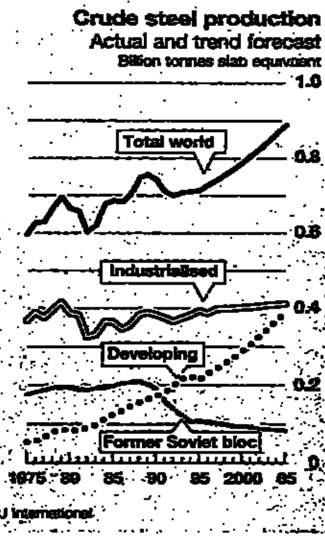
Top European steel makers 1996

Company	Country	Output
British Steel	UK	16.12
Usinor Sacilor	France	14.96
Riva	Italy	13.10 est
Arbed	Lux.	11.50 est
Thyssen	Germany	9.30
Cockerill Sambre*	Belgium	6.40
Hoogovens	Neths	6.15
Krupp-Hoesch	Germany	4.92
Huta Katowice	Poland	4.36
CSI	Spain	4.30

* Includes Eko-Stahl

Crude steel production

Actual and trend forecast



Sources: German Steel Federation, Metal Bulletin, CRU International

However, with declining public resources, governments turned to privatisation, led by the UK government which sold off British Steel in 1988. It has since been transformed from one of the developed world's least efficient producers to one of the best.

France followed suit with Usinor Sacilor, which was privatised in 1995. And Italy has sold much state-owned steel to Riva, an unquoted private company.

Now Spain is preparing to privatise CSI, its state-owned producer, by selling a stake to a strategic investor. Usinor Sacilor is seen as a likely buyer.

Mr Guy Dollé, strategic planning director at Usinor Sacilor, estimates only 17 per cent of European steel production is now under public control, down from over 40 per cent as recently as 1994. In his view this amounts to a "revolution".

With privatisation, governments have largely abandoned large-scale state aid for steel, sticking to a 1994 EU agreement which banned aid except for research, environmental improvements and funding capacity cuts.

Privately owned companies such as Hoogovens in the Netherlands, Arbed in Luxembourg, and Thyssen, Krupp and others in Germany, have shed tens of thousands of workers to keep up with British Steel in the pursuit of efficiency.

In Germany, home of Europe's biggest steel industry with about 25 per cent of output, there were important mergers, including Krupp's 1991 takeover of Hoesch. Krupp and Thyssen pooled their stainless steel and tinplate operations and continued to talk about the elusive big deal.

But while the past 10 years have transformed the industry, its financial performance remains weak. Salomon Brothers, the US investment bank, estimates that only British Steel and Usinor Sacilor make average returns equal to their cost of capital, though Krupp comes close.

Steelmaking is vulnerable to the business cycle because the steel market is volatile. Dramatic price swings of up to 50 per cent can be generated by fairly modest changes in demand of around 15 per cent between the peak of the economic cycle and the trough. Companies have to rely on making sufficient profits on a good year – such as 1995 – to compensate for poor profits or losses in poor years such as the early 1990s and again in 1996.

However, overcapacity tends to depress profits across the whole cycle. Despite the staff cuts of the past 15 years, European crude steel production capacity has stayed broadly unchanged at about 190m tonnes a year, as producers concentrated output on the most efficient sites. Excess capacity is estimated at at least 20m tonnes. Crude steel output last year was 162m tonnes in western Europe, down from 170m in 1995.

Producers say capacity cannot be brought into line without a much deeper restructuring of the industry, in which a Krupp-Thyssen steel merger would be an important stage. A deal would bring together some 15m tonnes of crude steel production and force the partners to consider closing at least one significant works – probably the ageing Krupp plant at Dortmund.

"There must be a closure," says Mr Sinclair of Salomon Brothers. "Otherwise there's no point."

Also if the partners pool marketing as well as production, the merger will reduce competition – to the advantage of all producers. Krupp is an aggressive price-cutter which is seen by many competitors as a destabilising influence.

"This should bring more stability to the market," says Mr Peter Fish, managing director of Meps (Europe), a consultancy.

However, a Krupp-Thyssen agreement would do little more than bring to Germany the same level of consolidation which has already occurred in other countries – the creation of a national champion such as British Steel and Usinor Sacilor. The next stage in reducing overcapacity in Europe would be international rationalisation – something the companies have so far been reluctant to consider.

The steel industry worldwide is particularly fragmented with the world's top 20 makers producing just 35 per cent of output; in aluminium and plastics, by contrast, the top 10 manufacturers produce more than 50 per cent. Some of the industry's biggest customers, notably the motor industry, are increasingly planning products for world markets – and want world-class suppliers.

The need for cross-border restructuring is particularly acute in western Europe, with so many medium-sized producers competing with each other, and the producers in the neighbouring countries of eastern European catching up fast.

Some international deals have been struck. British and Swedish stainless steel companies have pooled their interests in Avesta-Sheffield. Arbed has bought control of Stahlwerke Bremen, the steel business of Kloeckner Werke, the German industrial group which went bankrupt in 1995. Lucchini, a privately owned Italian company, has bought a steel mill near Warsaw.

However, according to Mr Rod Beddows, chairman of Beddows, a British consulting company, "This is just a beginning. The industry needs much more."

The possible acquisition by Usinor Sacilor of a stake in Spain's CSI is the scale of venture Mr Beddows says is necessary. Other medium-sized producers which might be vulnerable to mergers include Hoogovens and Arbed.

However, some potential predators have yet to come out of their cages: British Steel, although financially strong, has shown little inclination to make acquisitions in western Europe, though it is investing in the US. A more enterprising example is Ispat International, the London-based, Indian-owned group with interests in Kazakhstan, Mexico, Canada, Germany and Ireland.

Governments have in the past encouraged steel companies to think in national terms. But with state intervention fading, producers are free to think internationally.

Also the development of mini-mills – flexible, high-technology plants which are already extensively used in North America –could permit companies to enter each others' national markets more easily.

If the current crop of European steel executives does not grasp the opportunities, a new generation almost certainly will.

· OBSERVER ·

Motor roller wheels in

■ It's too early to ask Graham Morris to spot the difference between bird's eye maple and burr walnut. But, two weeks into the job, the new chief executive of Rolls Royce Motor Cars is beginning to appreciate the finer points of building wheels for the well-heeled.

Former colleagues at Audi, the German carmaker which sold 500,000 vehicles last year, teased him that he might get bored building barely 1,700 cars a year. But Morris, 47, who was responsible for sales and marketing at Volkswagen's upmarket subsidiary, reckons his stint in Germany has given him a head start over his immediate predecessors at Rolls Royce.

Understanding Germany's "passionate attention to detail" should come in handy; there is a new model around the corner promising "a quantum leap" in sales, he says, so "it's absolutely critical the car is right". With prices starting at £150,000, customers will agree.

Smoke signals

■ NatWest has secured the services of Tom McManus, the mastermind of Morgan Stanley's fashionable Multinationals Index, a loose collection of growth stocks which has come to be known as the new "Nifty Fifty". McManus joins NatWest in New York as its US market strategist; his other recent claim to fame is a research note arguing that increased cigar consumption could signal the end of the bull market. Let's see what he smokes out at NatWest

Hidden charms

■ It is difficult to know why Hwang Jang-yop, the celebrity North Korean defector, decided to stop in the Philippines en route to what he hopes will be permanent sanctuary in Seoul.

The northern mountain resort Baguio, also known as the City of Flowers, is a pleasant enough spot to hunker down for a few days. Snugly set at 1,500m in the Cordillera mountains, it is the favourite bolt-hole of Manila's elite. With its golf courses, country club, and forests of pine trees the resort is probably a welcome contrast to Hwang's recent billet in South Korea's Beijing embassy.

But the Philippines' reputation for security is hardly comforting; abductions for ransom doubled to 241 last year and the latest issue of Fortune magazine dubs the Philippines the kidnap capital of Asia.

Any hopes that Hwang's arrival would remain top secret were soon dashed by the inimitable local press. His cloak and dagger entrance was front-page news in all the Manila dailies. "With all respect to the security forces, if I were Mr Hwang, I would be a very nervous man indeed," says one local banker.

Transported

■ Neil Kinnock twice tried and failed to take the top job in British politics; in the process the former Labour party leader was savaged by the tabloid press and retired bruised from the domestic scene.

But time – not to mention a well-padded post as EU transport commissioner – is a great healer. Kinnock has been doing so well in Brussels he's even been mentioned as a future Commission president. Now he intends to do what he can to help current Labour leader Tony Blair succeed where he failed.

As a commissioner, Kinnock has to step carefully when it comes to participating in the election campaigns of member states. But, as luck would have it, his responsibilities will see him making an usually large number of visits to the UK in the run-up to the general election on May 1. No doubt he'll be adding a discreet word of support for Blair if the occasion arises.

Things should be easier this time around. Rupert Murdoch's *Sun* newspaper – the most vigorous of Kinnock's old adversaries – this week came out in favour of Blair.

Driven mad

■ Red means danger, especially in the crime-ridden city of Johannesburg. Thousands of motorists each year are mugged in their cars while waiting at traffic lights; residents have long argued that it's more dangerous to stop than to drive right through the red signal.

It seems that the authorities finally got the message. They have given drivers permission to drive through red lights if they feel in danger. Titus Malaza, Johannesburg's traffic management officer, says motorists driving at night should treat red traffic lights as "give way" signs. He's appealed to the local police to take the same lenient view.

Not that there's much to be gained by getting home quickly in a city where burglary is rampant. The latest victim is public prosecutor Selby Baqwa, whose house in neighbouring Pretoria was looted on Tuesday. "It really drives home that crime in this country has reached a highly unacceptable level – not that I was not aware of it before now," he said.

The Financial Times

100 years ago

Glad Tidings From Spain
The Spanish Finance Minister is in a great hurry to impart glad tidings. It is true that the revenue for the first fortnight of March shows an increase over the corresponding period last year, but there is surely no need to become hysterical about it. If the good tendency continue, we shall be delighted; otherwise we shall be forced to interpret the Minister's cablegram as an indication that Spain wants a new loan very badly and finds it uncommonly hard to soften the hearts of the financiers.

Cigars From Cuba
The atmosphere of Cuba has for many dreary months been charged with the electricity of revolution, but, curiously enough, this unhappy state of affaiss seems to conduce to the prosperity of the cigar industry. In 1896 the exports represented nearly 186,000,000 weeds, or twenty-seven and-a-quarter millions in advance of 1895, so that the long-talked-of Havana famine will not have to be faced yet awhile.

Austrian Trade Unions
All the railway servants' trade unions in Austria have been dissolved by the authorities for overstepping their proper functions and for manifesting tendencies which are regarded as incompatible with the interests of the State.

COMMENT & ANALYSIS

Peter Martin

Case for conglomerates

Big diversified groups are often regarded as inefficient but it is good management, not focus on a single activity, that brings business success

Here is heresy: there is a case to be made for conglomerates.

For more than a decade, to make this argument has been to court derision. The f-word – "focus" – has reigned supreme. Companies as varied as American Telephone & Telegraph, Imperial Chemical Industries, Hanson, Dun & Bradstreet and this week Rockwell have broken themselves up. In 1995 alone, say the authors of a new book*, the value of "break-off transactions" in the US reached $76.7bn, up from annual levels of well below $10bn in the 1980s.

Even when spin-offs have failed to produce the expected leap in value for the components – as in the case of Hanson and AT&T – the case for break-ups goes unchallenged. The underperformance of the parts is taken as a sign of the value-destroying nature of the whole. And anyway, the components are surely still too unfocused. They need to be broken down yet further, by more spin-offs.

Whenever a business consensus hardens into unthinking dogma, it deserves closer scrutiny. Just what is so wrong with conglomerates?

The usual arguments range from financial theory to human motivation. The consensus is that in the past, with inefficient markets and immobile resources, there may have been a case for conglomerates. They allowed investors to achieve the virtues of portfolio diversification – higher returns with lower risk – in a way that was otherwise difficult. Within them, scarce resources – capital, knowhow, managerial talent, political influence – could be applied effectively to a wider collection of businesses.

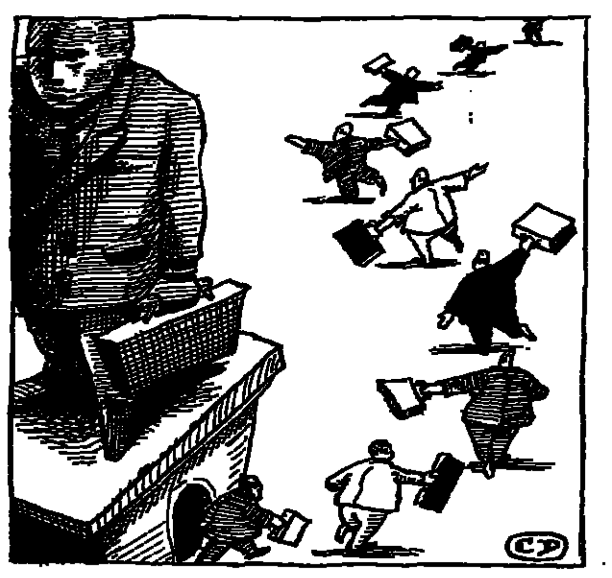
That time is past, the argument goes. Modern portfolio theory shows us that investors can achieve the precise degree of diversification they seek more cheaply through the stock market than by paying big-company managers to do it. No resource is so scarce these days that it needs to be husbanded within a conglomerate, and shared out among its divisions. Understanding a single business is a vital management asset; no conglomerate can know enough about its hodge-podge of subsidiaries to run them all properly. Without such knowledge, resource allocation inside the company will always be less effective than in the wider capital market.

If conglomerates had never existed, this argument would seem flawless. But they are all about us, sometimes flourishing, sometimes not. General Electric is by common consent America's most successful company; Granada is one of Britain's. Both are heavily diversified. And new conglomerates continue to be born, as this week's bid for ADT by Tyco shows.

When Samuel Johnson, the 18th century lexicographer, was asked how he refuted Bishop Berkeley's theory of the immateriality of the physical world, he kicked a solid piece of earth, saying: "I refute it *thus*." The existence of conglomerates creates a similar tension between theory and practice.

Just as our senses tell us that the earth is real, so observation tells us that conglomerates exist. Yet that existence – if the anti-conglomerate arguments are as persuasive as they seem – requires a belief in a huge past market failure. The creation of big, diversified, companies has destroyed wealth on a gargantuan scale, but nobody has noticed – or, if they have noticed, they have done nothing about it. Managers have been able to build themselves huge empires, raising their pay but not their profits, and shareholders have tamely gone along with it. Stockbrokers' analysts have failed to grasp the underlying value of multi-business companies because they find them hard to understand; yet investors have ignored this opportunity for arbitrage.

Surely the market cannot be this flawed? It is not. The traditional arguments for and against conglomerates miss the point. It is true that the portfolio diversification argument does not work for conglomerates any more, if it ever did. But that does not mean the conglomerates – or any diversified company – necessarily destroy value. Single-business companies are just as capable of underperforming, as the history of British industry vividly illustrates.



The key ingredients in business success are clarity and cohesion of purpose on the part of all those engaged in the enterprise. It is probably easier to achieve these in a focused business than in a diversified one, but only just. What is more, a focused business may be cohesively pursuing the wrong objectives – technology for its own sake, say, or worldwide presence. A conglomerate, whatever its faults, is likely to be more dispassionate about its objectives.

Many of the arguments advanced against conglomerates are really arguments about the drawbacks of size. Large single-business companies are just as capable of becoming bogged down in bureaucracy, as insulated from market pressures, as any conglomerate. Yet large companies get larger, and smaller companies either become large or disappear. So, though there are undoubted drawbacks to size, there are also clear advantages. The task of management is to minimise the bad things about getting bigger and take maximum advantage of the good ones. Not all large companies succeed in this task. Those which fail to do so ultimately resolve the problem by becoming smaller, or by being taken over by companies which can successfully manage size.

A similar argument applies to conglomerates. Really good managers are in short supply; and they are capable of applying their skills to a range of businesses. That does not mean they are magicians, nor that they will always succeed. But it does create an opportunity: to use these skills to add more value to the companies they run than they destroy through lack of detailed knowledge of the individual businesses. In some diversified companies, the gains from that process will sometimes outweigh the losses. At others, the balance will tilt into negative territory.

In their heyday, the acquisitive British conglomerates Hanson and BTR added value by finding, buying and fixing troubled companies. Once that process ran out of steam, thanks to a shortage of takeover candidates and the ageing of the two companies' most creative managers, both underperformed. Now they are changing again, by demerging (Hanson) and by focusing on a few core businesses (BTR). There is a good chance that both transformations will produce positive results. If so, the lesson will be that a determined set of managers with a strong focus on value can turn an unpromising business into a successful one.

Remember the Hawthorne experiment in the 1920s, in which two groups of workers at a Western Electric plant were subjected to different levels of workplace lighting. Both groups increased production, relishing the evidence that someone was paying attention to them. If spin-offs do better once separated from their former parents, that may be a result of the energy created by newly won independence. Focus is not inevitably better than diversity, whatever conventional wisdom may hold. But change is always better than stagnation.

**Break Up! When large companies are worth more dead than alive. By David Sadtler, Andrew Campbell and Richard Koch. Capstone Publishing, Oxford. £18.99*

BOOK REVIEW · Gerard Baker

BACK FROM THE BRINK – The Greenspan Years
by Steven K. Beckner
John Wiley and Sons, £24.95, 452 pages

Federal Reserve's greatest asset

We live in an age dominated by the cult of the central banker. The great debates of economic policy have resolved themselves into one overriding goal of near-mystical significance – the pursuit of price stability.

Since slaying the evils of inflation is considered too important a job for mere politicians, the race is on to cede as much power as possible to the central banks.

The men in charge of these institutions have moved out of the shadows into the limelight. In the process the names of the biggest stars – Paul Volcker of the US, Karl Otto Pöhl of Germany, Yasushi Mieno of Japan – have become almost as familiar in their own countries as those of their political leaders.

But no name ranks higher than that of Alan Greenspan. Soon to complete 10 years as chairman of the US Federal Reserve, he is widely called, without a hint of hyperbole, the most powerful man in the world. Mr Greenspan has already inspired a number of biographies, mostly of a hagiographical nature. But none goes quite so far as this one.

It has become axiomatic that the softly spoken Mr Greenspan is the real architect of the US economy's formidable strength today. Bill Clinton's re-election as president last autumn against heavy political odds is usually attributed to the adroit management of the economy by Mr Greenspan in the first Clinton term.

But Steven Beckner, a financial journalist, goes much further. Within months of Mr Greenspan's arrival at the Fed, he argues, the US stared over a precipice of financial and economic collapse with the stockmarket crash of October 1987.

It was only Mr Greenspan's foresight and remarkable surefootedness that averted a series of events that would have sent the entire economy tumbling over the edge. In his introduction, Mr Beckner paints a lurid picture of the nightmare scenario that might have happened – financial collapses, bankruptcies, mass unemployment.

It is a large claim and one that the self-effacing Mr Greenspan himself would presumably shrink from – with some justification. Though few could seriously quarrel with the proposition that the Fed chairman has proved to be a gifted custodian of US monetary policy, it is a little hard to swallow that he virtually single-handedly resuscitated the economy.

The expansionary monetary policy pursued immediately after the 1987 crash, when the Fed allowed short-term interest rates to fall sharply, was probably right at the time. But it is now recognised, not least by Mr Greenspan himself, to have been an unnecessary over-reaction. Governments everywhere, mindful of the horrors of 1929, overestimated the effects on the economy of a stockmarket correction.

In the event the collapse in share prices in 1987 made very little difference to the behaviour of consumers and businesses. Indeed, critics of Fed policy would say that the over-loose monetary policy after the US crash put the Fed at a serious disadvantage in dealing with the real economic threat of the time – a surge in inflation.

On this view the Fed then spent the best part of the next four years attempting to retrieve the situation – raising rates too high for too long in 1988-89 and then, when recession and banking collapse struck, cutting them too low and holding them down too long until inflation threatened to take off again in the early 1990s.

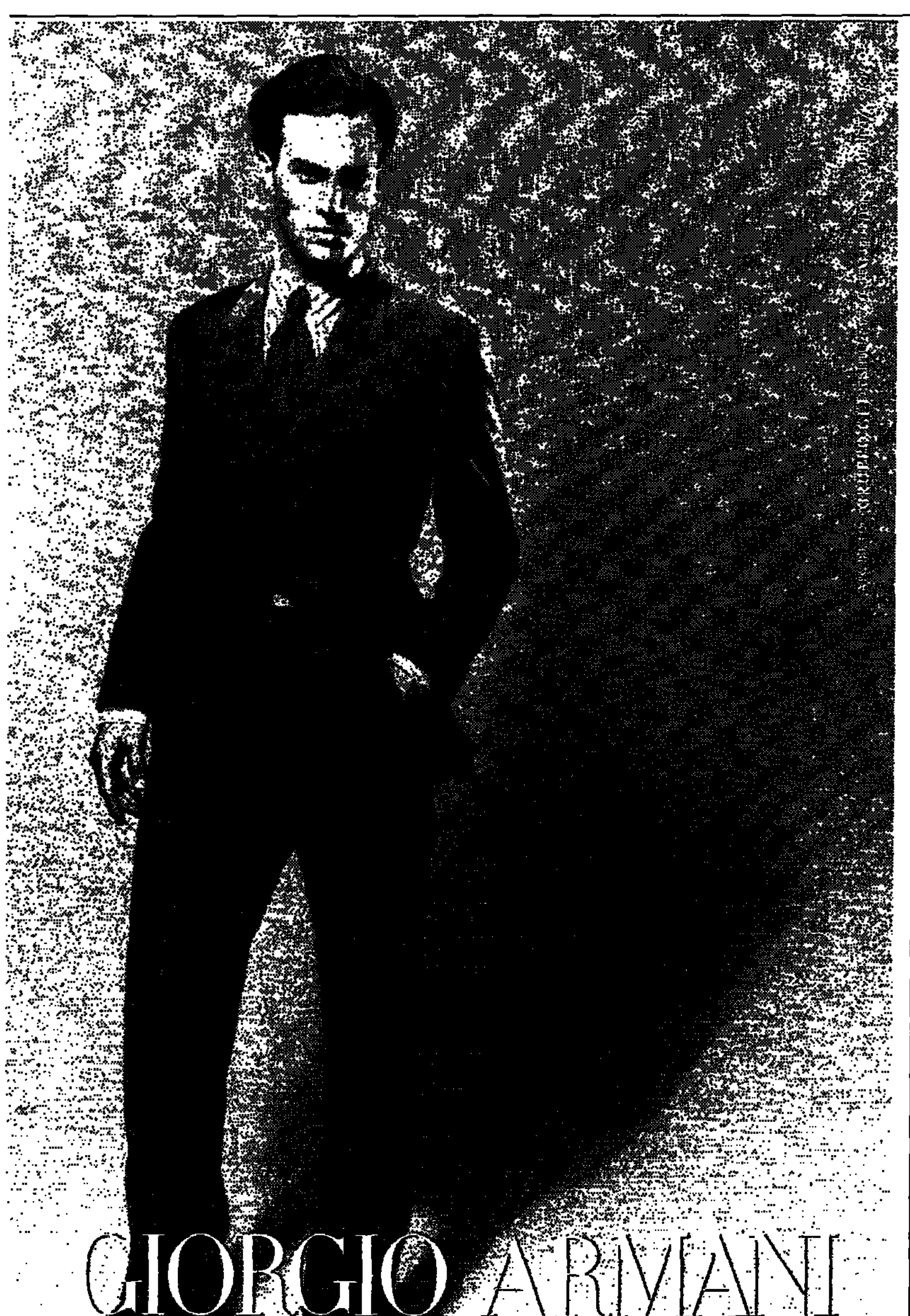
But Mr Beckner's book is still a highly enjoyable account of the Greenspan years, drawing heavily on the federal open market committee minutes and interviews with leading individuals in the Fed, the administration and Congress. It conveys the extraordinary sense of almost continual emergency at the Fed as the economy lurched from stock market crash, to inflationary boom, banking chaos, exchange rate crisis, recession and faltering recovery.

The most striking lesson is not Mr Greenspan's protean talents as a reader of the economic runes, but his extraordinary abilities in handling Washington. Scarcely a page passes without an account of how administration or congressional characters of dubious economic talent but considerable political muscle tried to strong-arm the Fed into doing something it was reluctant to do.

Mr Greenspan resisted and still managed to get himself renominated for the Fed chairmanship by Bush and Clinton, presidents of rather different political views. And he secured his confirmation by a politically fractious Senate on both occasions with near unanimity.

With that kind of political achievement behind him, saving the US economy from collapse must have seemed like a piece of cake.

Back from the Brink is available from FT Bookshop by ringing FreeCall 0500 500 635 (UK) or +44 181 324 5511 (outside the UK). Free p&p in UK.



LETTERS TO THE EDITOR

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Bond markets do not expect big UK rate premium outside Emu

From Mr Stephen J. Davies.

Sir, Lex assures us ("Money on Labour", March 17) that since "10-year gilts currently yield 1¼ percentage points more than bunds, considerably lower long-term interest rates would be in store" if Britain participated in Emu.

Lex may be interested to learn that the bond markets already expect the UK to have roughly the same level of interest rates as Germany by the early years of the next century.

An article published in the Bank of England's latest quarterly bulletin shows that, as of early January, the difference between gilt and bund yields was entirely due to an expected very large gap (up to 3¼ percentage points) between UK and German short-term interest rates over the next few years; such an expectation is hardly surprising given the contrast between the two countries' present economic performance. Over the longer term, expected short-term interest rates were effectively the same in the two countries.

Since the markets must be giving some weight to the possibility of the UK staying out of Emu, their view must be that sterling interest rates would not, in this eventuality, be significantly higher than euro rates.

Given the obvious scope for improving the UK's domestic monetary policy framework and so further reducing UK interest and inflation expectations, it is entirely conceivable that if the UK stayed out of Emu, sterling long-term interest rates would eventually be lower than euro rates.

Stephen J. Davies,
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Shock therapy is an unwise choice

From Professor Padma Desai.

Sir, In arguing that Russia erred in "failing to stick to its radical reform programme in 1992", Martin Wolf ("Russia's missed chance", March 18) implicitly makes a false judgment about the wisdom of shock therapy.

Among those who hoped for a successful transition, the debate was always over whether shock therapy would, given the political situation, be sustainable once tried. The so-called "gradualists" predicted it would not be sustainable and hence would undermine the intended stabilisation.

So, a slower road to stabilisation, even if inferior from a technical viewpoint, would be preferable. We know who had the better of the argument: shock therapy was quickly reversed, resulting in the failure that Wolf laments.

I would contend that the frequent claim that stabilisation could not be achieved gradually has also been belied. As Wolf's own chart on the annual percentage change in the goods consumer price index shows dramatically, the 1992 number of 2,590.9 fell steadily to 120.5 in 1995 and is estimated at just 17.8 in 1996: all this without shock therapy but under the eye of the International Monetary Fund, whose hands were closely guarding the purse strings.

The question of whether the cost to the poor would have been less under a faster rate of stabilisation, if politically deliverable, is important.

It is well known that inflation tends to redistribute incomes to profit-earners and hurt the poor, whose wages and assets are not index-linked. But we must not forget that faster stabilisation can often generate higher unemployment rates as well.

My own research based on in-depth analysis of transition in several countries, shows it is too optimistic to assume otherwise. Evidently a fuller analysis of the question is required before reaching a final judgment on this issue.

Padma Desai,
Harriman professor of economics,
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US

Past and future generations have a place

From Mr Terry Thomas.

Sir, It is flattering that Lucy Kellaway accepts six of the seven partners which we at the Co-operative Bank claim for the successful long-term business ("Stakeholders step up for the generation shuffle", March 17).

But why should she balk at accepting past and future generations as the seventh partners?

Serious businesses benefit from being sensitive to their past and surely no business today would ignore an environmental impact because it was two or three generations away?

Respect for the future and the past should strengthen any enterprise – and the results of the Co-operative Bank next month will speak for themselves.

Terry Thomas,
managing director,
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US not the only sinner

From Mr Terence J. English.

Sir, Wow! Talk about the pot calling the black! Tracy Corrigan's article of March 17 about race in the US ("How America keeps a race apart") was incredible.

While the vast majority of Americans would readily admit we fall well short of the mark on race relations, we are working hard to correct our deficiencies. I do not know whether that is the case in the UK.

I suggest Tracy take a look in her own back yard. Maybe she should ask herself when has a minority headed Britain's armed forces or had a chance to be mayor of London, or run a leading UK investment bank?

Maybe Jessie Jackson ought to consider a branch office in the City of London.

Terence J. English,
160 Lambertville Hopewell Road,
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NJ 08525
US

Streets aheac

From Mr Marco Formentini

Sir, While I have no objection to what Paul Betts wrote on the graffiti in Milan ("Delving deep beneath the mask", February 22/23), his statements concerning the cultural lif and the condition of the streets are incorrect.

I assure you the cultural life in Milan has greatly improved. The Teatro alla Scala is ranked as the world's foremost lyric theatre.

As for the potholes, I would like to stress the fa that in the last four years both the surface and the foundation of every road the city has been redone, reversing the appalling si ation my government hac inherited.

Marco Formentini,
mayor of Milan,
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IN BRIEF

Focus of Boeing probe revealed

The European Commission said the main focus of its extended probe into the proposed merger between US aircraft makers Boeing and McDonnell Douglas will be the impact of the deal on the market for commercial aircraft. Page 22

SGB says merger would be harmless
Société Générale de Belgique, Belgium's most powerful holding company, insisted the possible merger of its parent, France's Compagnie de Suez, with French utility Lyonnaise des Eaux would not harm the Belgian economy. Page 20

LVMH drops bid to buy rest of DFS
LVMH, the French luxury goods group, ditched attempts to buy the outstanding shares held by a minority investor in DFS, one of the world's biggest duty free shopping chains. Page 23

Vickers up 11% to £83.3m
Vickers, the parent company of Rolls-Royce, posted pre-tax profits up 11 per cent to £83.3m ($132.44m) while sales climbed 5 per cent rise to £1.2bn last year. Page 25

Comet recovery sparks Kingfisher
A strong recovery at the UK's Comet electrical chain combined with firm growth at the B&Q home improvement business helped Kingfisher report a 25 per cent rise in annual pre-tax profits to £388.7m ($618m). Page 25 and Lex

Busang geologist killed
A geologist who helped identify the Busang gold deposit in Indonesia fell to his death from a helicopter, his employer said. Shares in Bre-X Minerals, the small Canadian company that discovered Busang, were suspended after the announcement. Page 28

Eni plans Mediterranean gas terminals
Eni, the Italian oil and gas group, unveiled a plan to build giant floating liquefied natural gas terminals in the Mediterranean in a move that may boost LNG trade in the region. Page 28

Start up of Alumbrera 'still on time'
Alumbrera, the world's largest-ever copper and gold mining project in Argentina, is expected to start up on time despite freak weather conditions that have delayed some key parts of the project. Page 28

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BASF	62.88	+	1.37
[illegible]	474	+	11
Veba	98.75	+	2.65
Falls			
Commerzbk	460	-	10
Dragerwerk	26.80	-	0.70
RWE	17.15	-	0.55
NEW YORK ($)			
Rises			
Airtouch	17¾	+	2
Cooper Inds	18	+	1¼
Falls			
Adv Micro Dv	35⅝	-	3⅝
America Online	40	-	2⅞
Applied Magnc	29⅝	-	1⅞
Loewen	24½	-	3⅛
LONDON (Pence)			
Rises			
BT	461½	+	19½
Cairn Engy	634½	+	58
Xenova	435	+	80
Falls			
Lonmin	97½	-	10
Phonelink	60	-	14
Scapa	689	-	34½
TORONTO (C$)			
Rises			
Dorlan Inds	3.30	+	0.26
Petromet Res	3.60	+	0.45
Coldwell	2.90	+	0.80
Triple Crown	3.15	+	0.25
Falls			
Ho Harvest	3.10	-	0.55
Uni Gravis	11.50	-	2.55
PARIS (FFr)			
Rises			
Alcatel	606	+	19
Carrefour	3436	+	44
Promodes	1881	+	81
Sagem	3185	+	70
Falls			
Bollore	251.50	-	8.50
Seb SA	956	-	24
TOKYO (Yen)			
Rises			
Daido Steel	380	+	13
Inax	810	+	37
Penta Ocean	445	+	28
Falls			
Kobe Mari	769	-	26
NOK Corp	795	-	31
Nissan Diesel	466	-	23
HONG KONG (HK$)			
Rises			
Dongfeng Ind	35.5	+	2.4
Falls			
Cheung Kong	68.75	-	1.25
CP Eagle	26.25	-	1.8
HSBC Hldgs	190.5	-	2.0
Sun Hung Kai	82.75	-	1.5
Wharf Hldgs	29.25	-	1.05
BANGKOK (Baht)			
Rises			
Delta Elec	49.0	+	4.0
Oriental	132.0	+	11.0
Tipco	137.0	+	12.0
Falls			
Precious Ship	46.0	-	4.5
Rasa	53.0	-	6.5
Thai Electric	20.25	-	2.25

New York and Toronto prices at 12.30pm.

France Telecom sale could raise $5bn

State-owned group unveils 77% fall in net profit

By David Owen in Paris

The French government aims to raise between FFr30bn ($5.22bn) and FFr50bn from the partial privatisation of France Telecom, much more than previously thought.

Mr Michel Bon, France Telecom's chairman, made the announcement while unveiling the company's last annual results as a fully state-owned entity. The figures – heavily affected by one-off items – showed a 77 per cent fall in net profit from FFr9.2bn to FFr2.1bn.

Mr Bon said the decline reflected the "very profound transformation" of the company's accounts. The 1996 net profit resembled "neither our past, nor our future".

The sale of a first tranche of the telecom operator's shares – for which the early order period will start on May 6 – is now on course to be the biggest French privatisation since Elf Aquitaine, the oil group, in 1994, and possibly the biggest ever.

It should by itself raise more than the government's formal target for 1997 privatisation receipts of FFr27bn. The finance ministry originally wanted to generate FFr25bn from the sale, but a decision to try for more is thought to stem from indications that investor demand will be strong.

Mr Bon hopes the issue will attract some 2m shareholders in an operation that has the potential to reignite popular capitalism in France and restore the credibility of the government's ambitious privatisation programme. This has suffered a number of setbacks, notably last year's suspension of the planned sale of the Thomson electronics group.

The France Telecom chairman did not indicate what proportion of the company's capital would be offered to private investors, although it now seems likely this could be considerably more than the 20 per cent or so first suggested. Based on the central valuation of FFr147bn produced by BZW Research last July, the proportion could go as high as one-third.

The shares are expected to start trading on the Paris and New York stock markets on June 9. The formal selling period should run from May 27 to June 2.

Yesterday's financial results showed the company's turnover advancing from FFr147.8bn to FFr151.3bn, in spite of a marginal decline in the contribution of its traditional fixed telephony operations. Operating income also edged ahead from FFr29.6bn to FFr30.3bn.

The sharp decline at the net level was attributable to the impact of FFr12.4bn in non-recurring items.

Within this overall figure, a FFr26.5bn loss, net of tax, arose from the depreciation of fixed assets – mainly property which was in the company's books at 1990 valuations, when the French market was at its peak. This was partly offset by a FFr14.4bn gain from the reversal of a provision for pension liabilities that is no longer needed. The company said pro forma net income before 1996 special items would have reached FFr14.5bn, against FFr14bn in 1995.

The pensions provision is no longer needed because the company is making a once-and-for-all FFr37.5bn payment to the state in return for the transfer of pension liabilities. This, together with a FFr16.5bn provision for an early retirement plan and FFr1.1bn for the transfer of other assets to the French state, is responsible for a fall in consolidated shareholders' equity from FFr136.3bn at the end of 1995 to FFr81.2bn a year later.

Lex, Page 18

Italian fashion house joins rivals considering market listings

Versace may be floated in Milan and New York

By Alice Rawsthorn in London

Gianni Versace, the flamboyant Italian fashion designer whose clients include the pop stars, Elton John, Sting and Madonna, plans to float his company on the stock market this spring.

It is thought that the company is considering seeking a quotation on the New York market, as well as in Milan.

Versace yesterday confirmed that plans for the flotation were progressing, but declined to comment on details of the timing or size of the issue.

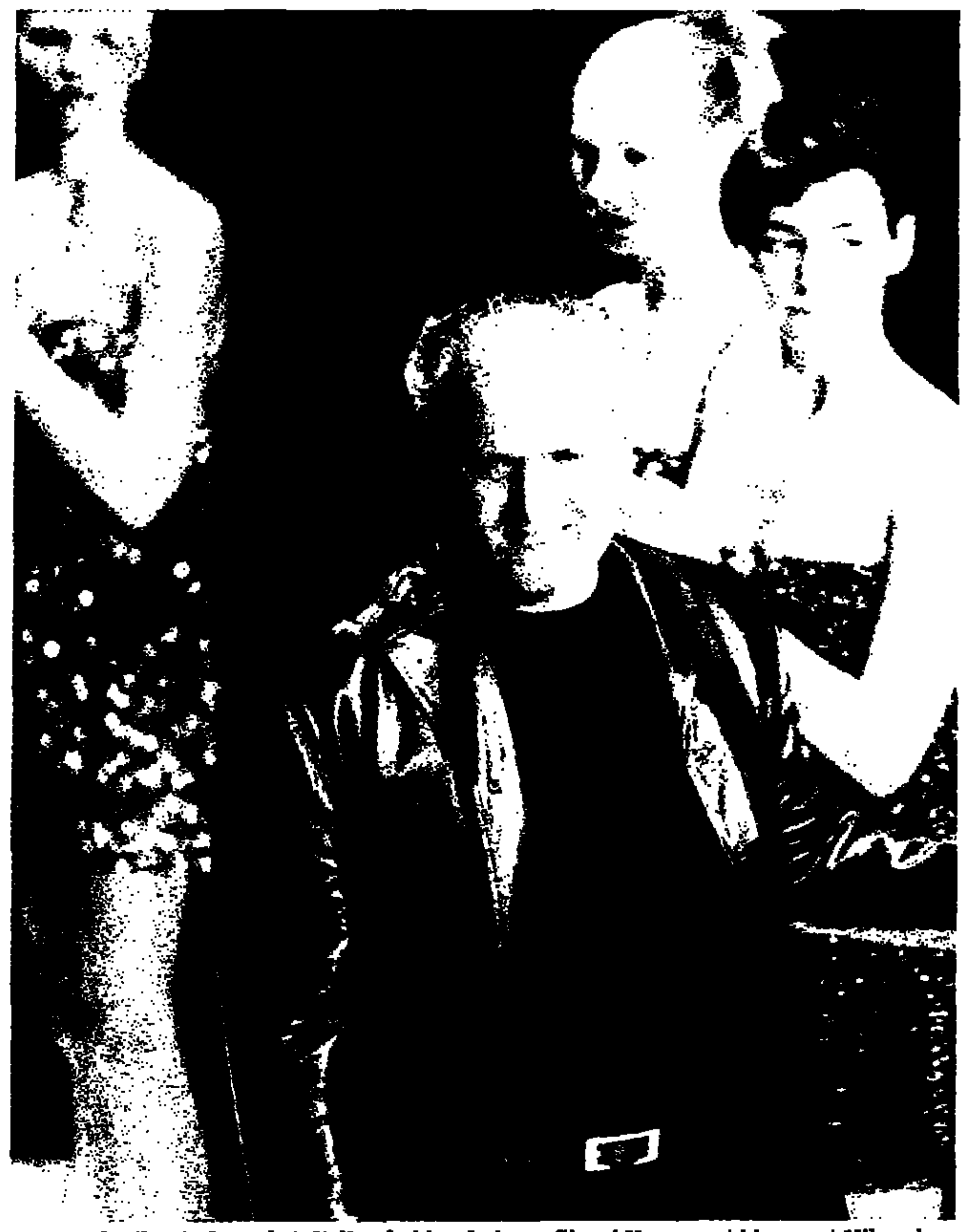
Versace mustered turnover of L1,515bn in 1995 (the last year for which figures are available), and sales are believed to have increased again last year.

Several other prominent fashion designers are also considering going public over the next few months. They include Valentino, a compatriot of Mr Versace, and Ralph Lauren, one of the most successful US designers.

These flotation plans come at a time when the global market for luxury goods, such as expensive clothes and perfumes, is extremely buoyant.

Gucci, the Italian fashion house, staged a highly successful flotation 18 months ago, since when its shares have trebled. Last week's share issue by Adolfo Dominquez, the Spanish designer, set a record for the Madrid stock exchange by being more than 50 times over-subscribed.

Mr Versace, 50, is one of the highest profile figures in the fashion world. He has often hit the headlines by staging elaborate runway shows and designing provocative outfits for celebrities. One of his biggest publicity coups was the safety-pinned evening dress which actress, Elizabeth Hurley, wore for the premiere of *Four Weddings And A Funeral*.



Heading for the stock market: Italian fashion designer Gianni Versace, at his recent Milan show, may seek a quotation for his company in New York as well as Milan Picture: Niall McInerney

The son of a Calabrian dressmaker, Mr Versace founded his fashion house in Milan in 1976. The company is controlled by the Versace family, and is managed by the designer's brother, Santo, as president. The four fashion brands – Gianni Versace ready-to-wear, Versace jeans, and the Istante and Versus sportswear labels – were sold in 270 Versace shops worldwide during that year and in hundreds of other outlets such as department stores.

The company also owns the perfumes bearing the Versace name. This is unusual for fashion houses, which usually license the manufacturing and distribution rights for such products to multinational cosmetic groups. Ralph Lauren and Giorgio Armani, Mr Versace's arch-rival, have licensed their perfume rights to L'Oréal, as has Calvin Klein to Unilever.

Beijing boost over Jardine Matheson ties

John Ridding in Hong Kong

Jardine Matheson, the Hong Kong-based conglomerate, will be given equal treatment in its dealings on the mainland, according to a senior Chinese official. This is the latest sign of warming ties between the group and Beijing.

During a meeting with Jardine directors in January, Mr Lu Ping, head of China's Hong Kong and Macao Affairs Office, said there would be no discrimination against the group, according to Jardine. Hong Kong press reports said this week that Mr Lu had written to Chinese government departments telling them to treat Jardine Matheson the same as any other company.

Relations between Beijing and Jardine, one of Hong Kong's founding trading groups, have long been complicated by the company's history and colonial roots. Ties were badly strained when the company de-listed its shares from the territory's stock market in 1994, having earlier shifted its legal domicile to Bermuda.

But matters have improved over the past year. In early 1996, Mr Lu suggested that Beijing would regard positively any move by Jardine to re-list in Hong Kong. Jardine officials have held several high-level meetings with Chinese officials but have played down the prospect of a re-listing.

Simon Keswick: warned over Hongkong Land's earnings

Meanwhile, net profits at Hongkong Land, the property arm of the Jardine Matheson group, jumped from US$256.9m to US$649.4m, with the help of exceptional gains on the sale of its stake in Trafalgar House, now owned by Kvaerner of Norway.

But Mr Simon Keswick, Hongkong Land's chairman, warned that earnings in 1997 were likely to be flat, despite Hong Kong's buoyant property market, because of the cyclical rental market. He said expansion of the group's regional property and infrastructure interests would provide the base for longer-term growth.

Excluding the charges and gains resulting from Trafalgar House, net profits rose by 4 per cent to US$432m.

Hongkong Land jumps to US$649m, Page 24

Volvo picks long-serving Frisinger to chair board

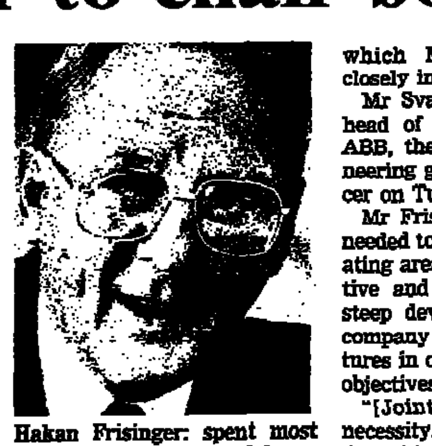
By Greg McIvor in Stockholm

Volvo, the Swedish car and truck maker, yesterday turned to a former top executive to chair its board, naming Mr Hakan Frisinger, group managing director in the 1980s, to replace Mr Bert-Olof Svanholm, who died this week.

The appointment of Mr Frisinger, a Volvo director since 1994, coincides with a transition in Volvo's senior management. Mr Sören Gyll, chief executive, is to step aside next month in favour of Mr Leif Johansson, who heads Electrolux, the Swedish appliance supplier.

Unlike Mr Svanholm and Mr Johansson, Mr Frisinger has no connection with Sweden's Wallenberg industrial empire. He will be acting chairman pending his formal installation at Volvo's annual shareholders' meeting on April 23.

Mr Frisinger, 68, has spent most of his working life at Volvo. His emergence may herald a higher profile for Volvo's flagship car operations, which he headed from 1979 to 1983 before becoming group managing director.



Hakan Frisinger: spent most of his working life at Volvo

A fall-out with Mr Pehr Gyllenhammar, then chairman and chief executive, led to his removal in 1987 and a seven-year sojourn in France, during which time Mr Frisinger became an outspoken critic of Volvo's ultimately abortive bid to merge with Renault.

He rejoined Volvo as a director in 1994 following Mr Gyllenhammar's departure and indicated yesterday his priority was to maintain the strategic path mapped out after the Renault breakdown.

This has involved a sharp refocusing on Volvo's central automotive operations and the disposal of SKr40bn ($5.5bn) of non-core assets – an effort in which Mr Svanholm, was closely involved.

Mr Svanholm was a former head of the Swedish half of ABB, the Swiss-Swedish engineering group. He died of cancer on Tuesday.

Mr Frisinger stressed Volvo needed to grow in its key operating areas to remain competitive and bear the burden of steep development costs. The company must build joint ventures in order to attain growth objectives, he said.

"[Joint ventures] are a necessity. This is a common thought which runs through today's automotive industry. Most people see they can't survive alone," he said. "We have to be very observant and take care of the opportunities which arise."

Analysts have suggested that Volvo, which sold 368,000 cars last year, needs to produce about 500,000 units a year to guarantee its long-term viability in carmaking.

Investors reacted enthusiastically to Mr Frisinger's nomination, pushing Volvo's most traded B shares up 3 per cent to SKr190.50. The increase also reflected Volvo's confirmation that it would proceed with a one-in-20 share redemption.

FINANCIAL TIMES
Thursday March 20 1997

Collapse sparks fears for S Korean groups

By John Burton in Seoul

Renewed fears over the indebtedness of several South Korean conglomerates and the stability of the troubled banking sector were raised as the main businesses of Sammi steel group applied for court receivership yesterday.

It is the second collapse of a conglomerate this year. In January, the Hanbo steel group folded, provoking a loans scandal that has damaged the presidency of Kim Young-sam.

The Seoul general share index fell by 1.8 per cent to close at 646.29 points in the wake of the filing for bankruptcy protection by Sammi's specialty steel and trading subsidiaries, and against a general background of economic stagnation. The three-year corporate bond yield rose to 12.8 per cent, an 18-month high.

Mr Kim Hyon-bae, the Sammi chairman, said his family would give up management control of the group if it was placed under receivership.

Sammi had failed to secure new bank loans as its position deteriorated, Mr Kim said. Sammi had debts of Won1,900bn ($2.19bn) against group assets of Won2,475bn, while its steel and trading companies reported a combined net loss of Won165.6bn in 1996 as sales fell by 11.7 per cent to Won1,390bn. This reflected weak global prices for stainless steel products.

In a belated attempt to rescue the group, the state-run Pohang Iron & Steel (Posco) last month agreed to buy Sammi's domestic steel bar and pipe business for Won719.4bn, but this was not enough to repay Sammi's loans.

The Sammi steel group suffered as a result of over-expansion. Its debts grew after it expanded into the North American market by acquiring speciality steel mills in the US and Canada. Sammi also offered these unprofitable plants for sale, but Posco refused to buy them.

Sammi's receivership represents another blow for Korea First Bank, the main creditor bank of both Sammi and Hanbo. The long-term credit rating for Korea First, which had lent Sammi Won430.2bn and Hanbo nearly Won1,100bn, was downgraded last month by Moody's Investor Service, the US credit rating agency.

Other big Sammi creditors include the state-run Korea Development Bank with Won339.5bn, the Commercial Bank of Korea with Won253.2bn, and Korea Exchange Bank with Won100.3bn, according to the office of bank supervision.

Analysts fear that Sammi's troubles will add to a squeeze on corporate lending, particularly to vulnerable small and medium-sized businesses.

Hanbo collapsed under a debt burden of nearly $6bn as it sought to build the world's sixth biggest steel mill despite predictions that this would prove uneconomic. Last week, Ssangyong announced that it would try to sell 49 per cent of its heavily-indebted car division to foreign investors.

The Korea Stock Exchange yesterday suspended trading in Sammi Steel and Sammi Corporation shares until Friday, while share prices for Commercial Bank of Korea and Korea First fell heavily.

Surfeit of debt, Page 4
Seoul market, Page 38

Surinam pyramid schemes 'bound to collapse'

By Clay Harris

Pyramid schemes in Surinam which have attracted tens of millions of dollars from thousands of investors, including many in the Netherlands, are bound to collapse, the South American country's central bank said yesterday.

Although the unregulated schemes have drawn in sums which approach the total loans outstanding in the country's banking sector, the central bank denied that the former Dutch colony faced a collapse such as that caused by similar schemes in Albania.

The Dutch foreign ministry warned this week that the schemes threatened Surinam with economic catastrophe. An international banker based in Paramaribo, the capital, described the situation as a monetary time bomb.

The issue is likely to be raised with an International Monetary Fund mission, in Surinam this week to conduct its annual economic review.

Two schemes offering interest payments of 10 per cent per month are conservatively estimated to have attracted $50m to $80m, compared with total loans outstanding in the banking sector of $100m. Ethnic Surinamese living in the Netherlands, which governed the country until 1985, have recently begun to bring huge sums of cash in suitcases to invest in the schemes.

Mr Otto Ezechiels, managing director of the central bank's banking department, said yesterday the schemes' ability to pay existing depositors depended on attracting new funds. "As soon as the inflow dries up, there will be a collapse," he said.

The central bank was discussing with the justice department whether there was any way to regulate the schemes under existing law or whether new legislation would be required.

The schemes are run by two local trading companies, NV Roep and NV Johwin. They have said that they make sufficient profits on other activities to pay the high rates of interest on accounts in dollars and Surinamese guilders. However, apart from investment in property their business interests remain a mystery.

Mr Ezechiels played down the threat of Surinam following Albania's path to monetary chaos, because there was no sign yet of large withdrawals from the local banking system.

An international banker said, however, that loans outstanding in the country's banking system had soared by 200 per cent in the past year, raising concerns that people were borrowing to invest in the schemes.

THE LEX COLUMN

Steely politics

The notion that Krupp's DM13.6bn ($8bn) offer for Thyssen was always a sham to bring its larger rival to the negotiating table seems distinctly unlikely. The two have talked in the past, to little avail. And Krupp would surely not have launched a hostile bid if it was only interested in a joint venture with one of Thyssen's divisions. Since Krupp's banks, Deutsche and Dresdner, both have representatives on Thyssen's supervisory board, covert arm-twisting could presumably have delivered that much.

A more plausible explanation is that the bid is real enough, but that enormous political pressure – from Chancellor Helmut Kohl down – has forced the companies reluctantly into talks. The proposed joint venture in steelmaking is, however, a second-best solution. It would still lead to the bulk of the job losses the politicians are fretting about. But it would not bring the improved market positions and cost savings in automotive parts, machine tools and trading – accounting for two-thirds of combined turnover – of a full merger. It would be no surprise, therefore, to find that talks end without agreement, allowing the bid to resume.

That would certainly be in the interests of shareholders in both companies, and of the German market in a wider sense. The danger is that Deutsche and Dresdner, which have so far boldly supported Krupp, get cold feet and some cosy deal is stitched up behind closed doors.

C&W

Investors banking on Cable and Wireless being taken over at a fancy price may be disappointed. True, some form of alliance between C&W and France Telecom/Deutsche Telekom – possibly involving minority stakes – is possible. But a full takeover seems improbable; Mr Dick Brown clearly enjoys running C&W and even a friendly merger would be tricky, as last year's failed talks with British Telecommunications show.

The more interesting speculation is whether C&W could emerge at the centre of a web involving not only the French and Germans but also Sprint, the US long-distance operator, and other US telecoms groups. The French and Germans' 20 per cent stake in Sprint may not be enough to secure a long-term relationship – one of the large US local carriers, which are being allowed into the US long-distance

FTSE Eurotrack 200:
2174.3 (-5.2)

market, could also be tempted to snap up Sprint. But is buying the rest of Sprint, the option pursued by BT with MCI, the answer? Not obviously. Sprint on its own would not give France Telecom and Deutsche Telekom an adequate position either in the US or internationally.

This suggests another possibility – a grand alliance, linking a large US group, such as GTE, with both C&W and Sprint at the same time that the French and Germans cemented a relationship with C&W. Such a combination would be great on paper; it would provide all the partners with clear international strategies. But it would also be a nightmare to manage. And C&W shareholders would have to say goodbye to a quick killing.

France Telecom

France Telecom has clearly been taking lessons in creative accounting from its owner. Despite absorbing nearly FFr100bn ($17.4bn) in big bath provisions – known in France as "le grande lessive" – the soon-to-be privatised telecommunications group still reported a profit last year. How? By the simple expedient of taking most of the charges to its balance sheet.

So France Telecom's infamous FFr37bn payment to the state for assuming its pension liabilities – incidentally helping France meet the Maastricht criteria for economic and monetary union – does not appear in the profit and loss statement. Nor does a FFr25bn provision to finance early retirement for 50,000 employees. One special charge does appear: a FFr35bn asset writedown. But conveniently it is nearly balanced by a FFr23bn spe-

cial profit from the same infamo
pension transaction.

All this is rather rum. If the co
pany was using US accounting,
would have reported a FFr34bn l
last year. Does that matter? N
really – so long as prospect
shareholders are aware of how su
accounting will affect future ca
flow. One effect is that net debt w
shoot up in 1997 – from FFr70bn
around FFr100bn. Another is th
future earnings will substantia
overstate cash flow, because t
asset writedown will suppr
depreciation charges and the on
ing cost of the early retireme
will not appear in the profit a
loss statement. Presumably all t
will be clearly pointed out in Ma
FFr30bn-FFr50bn share sale.

UK economy

For Britain's inflation hawks, y
terday provided a triple whammy
unnerving data. A rebound in re
sales and a sharp drop in unempl
ment sound worrying enough, bu
was the jump in average earni
which really put the wind up
gilt market. Optimists say much
that probably reflects the one
impact of this year's stonking C
bonus season. If this sounds a li
too parochial to be convincing, t
may be because it is. It can
explain why December's earni
data have also been revised sma
upwards. And although it is t
that pay settlements seem to
well battened down, the other d
ers of pay growth – like per
mance pay and promotion – car
just as worrying for inflation.

Against this backdrop, not c
does the Bank of England's dem
for a quarter-point rate rise l
well-justified but it is also diffi
to believe the Bank's demands
stop there. Moreover, assum
Labour wins the election, its th
for credibility suggests it is
more likely to implement Ba
recommended tightening than
a confrontation.

Such a scenario looks distin
healthy for sterling and not at
bad for Britain's underpriced g
But for equities it is much
promising. Not only will rate r
hit demand, squeeze cashflow
strengthen the currency but, if
latest data are anything to go
low price inflation coupled w
growing pay pressures looks g
news for margins.

Additional Lex comm
on Kingfisher, Pag

Chicago exchange sees a future in burger business

By Laurie Morse in Chicago

Mr Warren Buffet is not the only person to think there is money to be made in the future from hamburgers.

While the US billionaire financier has just announced the accumulation of a 4.3 per cent stake in McDonalds, the Chicago Mercantile Exchange says it is going to offer investors future contracts in ground beef.

The CME is betting that its two new ground beef contracts – one low fat, one not – set for launch in June will gain a devoted following among those who want to hedge risk in the hamburger business.

Wheat and soyabean oil futures, the primary ingredients in hamburger buns, have been traded for decades in Chicago. Ketchup futures have not yet been proposed, but farm-based forward contracts for pickle-destined cucumbers are commonplace.

The burger business is nothing to shrug at – 5.4bn hamburgers and cheeseburgers were consumed in US restaurants last year, accompanied by tons of french-fried potatoes and washed down with billions of dollars worth of softdrinks.

The outfits that purvey french fries to fast-food restaurants are big players in New York's potato futures market, and softdrink makers routinely hedge their sweeteners either in Chicago's maize pit or in world sugar markets.

Ground beef is important to grocers too. The American Meat Institute says more than half the 67.3 pounds of beef consumed per capita in the US in 1995 was ground or otherwise processed.

Successful new commodity futures products are few and far between. Cheese futures launched last year on New York's Coffee, Sugar and Cocoa Exchanges barely attracted a sniff and green bean futures at the Beijing Commodity exchange wilted.

But that doesn't stop exchanges from attempting exotic new contract launches – and the CME is confident about this one. It says the world is hungry for a way to hedge the risk of making hamburger sandwiches, and it is gearing up to fill the void.

Commodities, Page 28

Krupp's bid

Continued from Page 1

provided a chance to protect jobs – and made a point of praising the two groups for seeking to restructure without seeking subsidies.

Trading in the groups' shares, which were suspended after Krupp's bid, will resume today. Krupp's cash bid is for DM435 per Thyssen share – a 25 per cent premium on Monday's closing price.

It is unclear what shape a joint steel venture could take.

Competition hits bank margins

Continued from Page 1

this environment that credit standards are maintained."

The competition is not limited to bond issues. Fees to lead manage Latin American equity offerings – such as Morgan Stanley's 1.5 per cent bid to manage an offering of shares by Unibanco of Brazil – are also falling.

Mr Mulford said low margins risked weakening bank commitments to deals. "Where I think the problems lie is that it has become so competitive among the banks that at the first sign of trouble, banks will find that they have over-reached themselves in terms of the fees at which they'll do transactions," he said.

But bankers said intense competition for business was not a feature of Latin America alone. In the US too, loans to companies were being made under terms increasingly favourable to borrowers.

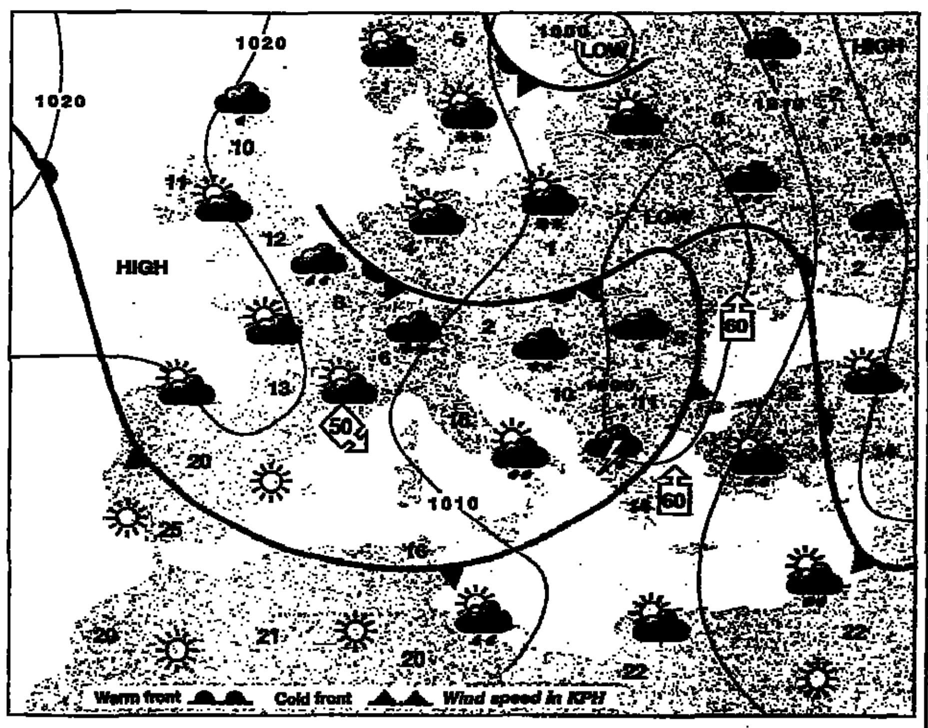
FT WEATHER GUIDE

Europe today

Southern Scandinavia will be dry with sunny spells.
A series of disturbances will bring unsettled conditions to the UK, as well as north-western and central Europe. Scotland and eastern England will have the most rain.
Ireland will be dry with sunny spells in the north.
It will be cloudy in central Europe from the Benelux and northern France to Ukraine and Greece. Snow will fall in the Alps above 1,000m.
The southern Balkans and Ukraine will have heavy rain.
Rain will spread east towards western Turkey later but the plains and south will stay dry.
The Iberian peninsula and most of Italy will be fine.

Five-day forecast

North-western Europe will remain unsettled with some rain on Saturday. Heavy snow will build up in the northern Alps over the next few days.
South-eastern Europe will be unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	fair 14	Caracas	fair 28	Faro	sun 20	Madrid	sun 20	Rangoon	rain 35
	Celsius	Belfast	fair 10	Cardiff	cloudy 11	Frankfurt	rain 8	Majorca	sun 18	Reykjavik	sleet 3
Abu Dhabi	sun 24	Belgrade	rain 10	Casablanca	sun 23	Geneva	rain 13	Malta	fair 16	Rio	shower 28
Accra	thund 32	Berlin	cloudy 2	Chicago	cloudy 6	Gibraltar	sun 20	Manchester	cloudy 10	Rome	fair 16
Algiers	sun 21	Bermuda	sun 23	Cologne	rain 6	Glasgow	cloudy 10	Manila	fair 27	S. Frsco	rain 19
Amsterdam	rain 8	Bogota	thund 27	Dakar	fair 26	Hamburg	rain 3	Melbourne	shower 24	Seoul	sun 10
Athens	fair 16	Bombay	sun 35	Dallas	sun 26	Helsinki	snow -1	Mexico City	fair 27	Singapore	thund 31
Atlanta	fair 22	Brussels	rain 8	Delhi	fair 28	Hong Kong	rain 20	Miami	shower 28	Stockholm	snow 1
B. Aires	shower 26	Budapest	cloudy 5	Dubai	sun 24	Honolulu	sun 27	Milan	sun 17	Strasbourg	rain 11
B.ham	cloudy 12	C.hagen	cloudy 2	Dublin	cloudy 11	Istanbul	cloudy 16	Montreal	cloudy 3	Sydney	fair 25
Bangkok	fair 36	Cairo	fair 22	Dubrovnik	cloudy 12	Jakarta	thund 31	Moscow	snow 1	Tangier	sun 21
Barcelona	sun 16	Cape Town	rain 22	Edinburgh	cloudy 10	Jersey	fair 9	Munich	rain 4	Tel Aviv	sun 17
						Karachi	cloudy 28	Nairobi	thund 29	Tokyo	fair 11
						Kuwait	sun 16	Naples	fair 15	Toronto	cloudy 3
						L. Angeles	shower 28	Nassau	sun 27	Vancouver	rain 11
						Las Palmas	fair 24	New York	fair 10	Venice	fair 14
						Lima	thund 27	Nice	sun 17	Vienna	cloudy 3
						Lisbon	sun 23	Nicosia	sun 16	Warsaw	cloudy 2
						London	cloudy 12	Oslo	fair 3	Washington	sun 16
						Lux.bourg	rain 6	Paris	cloudy 10	Wellington	fair 19
						Lyon	cloudy 14	Perth	sun 28	Winnipeg	snow 4
						Madeira	shower 21	Prague	cloudy 3	Zurich	rain 7

EUROPEAN NEWS DIGEST

AssiDomän upbeat on Russian plant

AssiDomän, the Swedish forestry group, said yesterday it hoped to restart production soon at Segezhabumprom, the Russian paper sack plant it partly owns, after suspending operations earlier this month over problems in raising investment finance. Assi closed the mill in a dispute with the regional Karelian and Russian federal authorities over unresolved tax and operating issues, which hampered plans to raise $100m-$120m from international lenders for plant modernisation.

Assi has management control of Segezhabumprom through its 50 per cent stake in Stratton Paper, controlled by Mr Michael Dingman, a Bahamas-based entrepreneur. Stratton Paper bought a 57 per cent holding in Segezhabumprom last year. Assi said talks with the regional government had settled differences over tax, pension liabilities and local logging rights. Negotiations were being planned with Russia's federal authorities and Assi was optimistic production could resume soon. The 30,000 inhabitants of Segezha, the nearby town which relies on the mill for district heating, have been without heating for a week. *Greg McIvor, Stockholm*

Schering sees 10-15% rise

Schering, the German pharmaceuticals company, said yesterday it expected profits this year to rise 10-15 per cent. Sales are forecast to rise 14 per cent to more than DM6bn ($3.57m). Mr Klaus Pohle, chief financial officer, said Schering expected strong growth from its traditional businesses in fertility control, hormone therapy and therapeutics. The group's diagnostics business, which is facing considerable price pressure, was expected to grow only slightly.

Schering forecast a 10 per cent rise in sales of its Betaferon multiple sclerosis treatment, which is sold in the US under the name Betaseron, to DM590m. The strong dollar would continue to benefit Schering in 1997, Mr Pohle said. In 1996, the weakening of the D-Mark against the dollar boosted Schering, although these gains were partly offset by the weakness of the yen. Sales in 1996 rose 13 per cent to DM5.27bn, while pre-tax profits rose 46 per cent to DM362m. *Frederick Stüdemann, Berlin*

AC Milan prepares float

AC Milan, the Italian football club owned by Mr Silvio Berlusconi, the media tycoon and former prime minister, yesterday confirmed it was considering a listing on the London Stock Exchange. However, the club said it wanted to prepare carefully the flotation, which was unlikely before 1999. AC Milan is among several Italian first division football clubs attracted to the London market by the strong demand among City investors for football shares. The club last year considered a listing on the Milan bourse, but had to abandon the plan because it could not meet the necessary Italian stock exchange requirements of three consecutive years of profits. *Paul Betts, Milan*

Swiss bankers leave Sulzer

Two senior executives of Union Bank of Switzerland and Credit Suisse are stepping down from the board of Sulzer, the Swiss engineering group. Sulzer said Mr Mathis Cabiallavetta, UBS chief executive, and Mr Rudolf Hug, a senior executive of Credit Suisse, were retiring. It said their moves were unrelated to a decision to award the SFr3bn ($2.08bn) stock market flotation of Sulzer Medica, its crown jewel, to SBC Warburg, the investment banking arm of the smallest of the big three Swiss banks. SBC Warburg and Morgan Stanley, the US investment bank, will lead-manage the initial public offering of up to 25 per cent of Sulzer Medica's shares on the US and Swiss stock markets later this year. *William Hall, Zurich*

Telenor favoured for Greece

Telenor, the Norwegian telecoms operator, has emerged as favoured bidder for a 30 per cent stake in Cosmote, a new state-owned mobile operator which plans to launch Greece's third cellular network in September. Telenor was judged weaker on technical grounds than Orange, of the UK, the favoured contender, but the Norwegians' financial bid of Dr27bn ($4.21bn) was so far ahead of the Dr20.7bn offered by Orange that it swayed the balance, analysts said.

The third short-listed candidate, AirTouch of the US, was eliminated because it failed to provide all the financial and legal documents needed for the bid, officials said. *Kerin Hope, Athens*

Poland mulls telecoms sales

Poland may see two big telecommunications public offers next year. The government plans to start the sale of Telekomunikacja Polska, the state-owned telecoms operator, in the third quarter, while RP Telekom, a private fixed-line company valued at $144m, aims to go public by next spring. Earlier this week GE Capital, of the US, Nissho Iwai, the Japanese trading house, and Matav, an Israeli cable-TV operator, each agreed to buy an 11 per cent stake in RP Telekom, which owns operating licences covering one-quarter of Poland's population. *Christopher Bobinski, Warsaw*

Danes award phone licences

France Telecom, the French telecommunications group, and Telia, of Sweden, were among four companies awarded licences yesterday by the Danish Tele Agency to set up and operate DCS 1800 cellular phone systems. The two other licences went to Denmark's partly-privatised operator Tele Danmark and the private operator Sonofon. The DCS 1800 system is built on GSM technology but using new frequencies to make room for more operators. *Hilary Barnes, Copenhagen*

Austrian banks merge

First Austrian Savings Bank yesterday completed its takeover of Girocredit in the second large bank merger in Austria this year. First Austrian acquired 56 per cent of Girocredit for Sch8.24bn ($697m) from a foundation close to Bank Austria, which had to sell the unit in order to get approval for the takeover of Creditanstalt in January. The price was Sch400 a share, which is what Bank Austria paid two years ago, but the actual cost is reduced by a clause postponing payment until next year. The purchase raised First Austrian's total stake from 26 per cent to 82 per cent.

Separately, Creditanstalt said its current managing board would remain in office until the end of April, when a new board will be appointed by Bank Austria, the majority owner. Mr Guido Schmidt-Chiari, chairman, and the rest of the board resigned last week. *Eric Frey, Vienna*

Adecco ahead 17%

Adecco, the world's largest temporary employment agency, increased its net income before amortisation of goodwill by 17 per cent to SFr241m ($167.27m) in 1996. The group, which was formed from last year's merger of Adia of Switzerland and Ecco of France, said that difficult business conditions in France had been offset by a 23 per cent growth in revenues in the the rest of Europe. Total revenues grew by 12 per cent to SFr6.5bn with a 21 per cent rise in revenues in North America and a 18 per cent gain in the Asia-Pacific region. However, under US GAAP accounting rules it reported a SFr11.1m loss after charging SFr191.6m of goodwill amortisation and SFr21.3m of merger related costs. *William Hall*

Market principles take back seat

Yesterday's developments following the Krupp Hoesch bid for its bigger steel and engineering rival Thyssen were a reminder of how far modern Germany has diverged from the market-oriented principles of Ludwig Erhard, its second chancellor and father of the post-war economic miracle.

Chancellor Helmut Kohl's condemnation of the hostile Krupp Hoesch bid, and the announcement by the Social Democrat-led government of North Rhine-Westphalia that the two protagonists had been persuaded to discuss a friendly merger of their steel interests, underlined the aversion of German politicians to policies of confrontation.

'Future instead of notice': Thyssen steelworkers take to the streets of Duisburg *Reuter*

Chancellor Kohl came to office in 1982 with the promise of a market-oriented revitalisation of the German economy after 13 years of government by a left-liberal coalition of the Social Democrat and Free Democrat parties. However, he has placed growing stress in his years of power on the "social" aspect of Germany's "social market economy". He has always stressed with pride how this distinguished him and his government from the more radical approach of Mrs (now Lady) Thatcher, when UK prime minister.

A year ago, it appeared that Mr Kohl might be prepared to give Rhenish capitalism a sharper edge. Plans for deregulation and cutting Germany's high non-wage labour costs formed an important part of last April's "programme for more growth and jobs", which was intended to facilitate an ambitious halving of unemployment by 2000.

Today, with unemployment at a record 4.67m – 400,000 higher than a year ago – the government is instead inclined to take the line of least resistance when tackling difficult social and economic problems.

A case in point was last week's settlement with the miners, where Mr Kohl decided to slow an already protracted run-down of Germany's uneconomic pits in the interests of social harmony. Germany, in spite of its inability to meet the Maastricht treaty's deficit and debt criteria last year, will spend more than DM68bn ($40.51bn) of taxpayers' money by 2005 on keeping alive a dying industry with 45,000 workers.

In a further departure from market principles, the Bonn cabinet on Tuesday agreed that the state-owned banks Kreditanstalt für Wiederaufbau and Deutsche Ausgleichsbank should issue DM20.5bn of loans with interest rates of up to 4 percentage points below those charged by commercial banks in an attempt to boost the construction industry.

The government chose to ignore Mr Hans Tietmeyer, president of the Bundesbank, who has been saying for months that the cost of borrowing in Germany poses no barrier to investment. It also ignored evidence that the building industry in eastern Germany had grown too large in the post-unification boom and was undergoing a painful but necessary downsizing.

Last week, workers in both the mining and building industries took to the streets to underline their fears of losing their jobs. On Tuesday, it was the turn of steelworkers.

Against the background of rising unrest, it was perhaps inevitable that Mr Johannes Rau, North Rhine-Westphalia prime minister, should host a meeting in Düsseldorf at which Krupp Hoesch and Thyssen would call a truce.

But it is unlikely that this desire for consensus will help promote the necessary restructuring of the nation's industrial base. Indeed, it could prove a hindrance. For the disinclination of Mr Kohl and Mr Rau to accommodate market forces will do nothing to lure back the foreign direct investors who have shunned Germany in recent years, contributing to its jobless crisis.

Peter Norman

Goldman Sachs in new role

By John Gapper, Banking Editor

The role played by Goldman Sachs, the US investment bank, in Krupp Hoesch's hostile approach to Thyssen is unusual for the US firm, which has tended to associate itself with defences against hostile bids.

Although it has recently shown a willingness to stick with long-standing corporate clients in the US that launch hostile bids – such as Newmont Mining's bid for Santa Fe Pacific Gold – its reputation is built on defences.

This was the basis of its strong growth in mergers and acquisitions in Europe under Mr John Thornton during the late 1980s.

Although it still prefers to defend its clients rather than launch hostile approaches, Mr Jon Corzine, Goldman chairman, has indicated it will take a more flexible approach.

Thyssen has appointed four foreign investment banks to defend it: Morgan Stanley and J.P. Morgan of the US, and SBC Warburg and Credit Suisse First Boston, of Switzerland.

La Générale dismisses speculation

By Neil Buckley in Brussels

Any merger of French utility Lyonnaise des Eaux and Compagnie de Suez would not harm Belgian economic interests, insisted Société Générale de Belgique yesterday.

La Générale, Belgium's most powerful holding company which is majority-owned by Compagnie de Suez, also dismissed speculation that its Générale de Banque unit, the country's biggest bank, was about to merge with a rival to create a "Grande Banque Belge", strong enough to compete internationally in a single-currency Europe.

The Belgian government has expressed serious concerns that a merger of France's Suez – which owns 63 per cent of La Générale – with Lyonnaise could create a conflict of interests with La Générale's biggest investment, the Tractebel utility group. Tractebel dominates the Belgian energy sector through sizeable stakes in electricity and gas monopolies.

Mr Etienne Davignon, La Générale chairman, insisted that while such a merger would lead to integration of accounts, it would not affect its decision-making independence nor that of Tractebel.

He added that the Belgian government exercised strong regulatory controls over Electrabel, the electricity monopoly of which Tractebel controls 44 per cent, enabling it to fend off any interference.

"The public authorities of this country are doing their duty when they ask questions about the future of significant companies based in Belgium," Mr Davignon said. But we believe we can put their fears to rest."

Mr Davignon stressed that a Suez/Lyonnaise merger remained a "hypothesis not a fact", and had not been discussed by the Suez board, of which he is a member.

But he said Suez's current status as a pure holding company was unusual, since for much of its history it had had direct operational activities.

Acquisition of operating interests, through a merger with Lyonnaise, would be "in the tradition of Suez and not a novelty".

He added that it was inevitable that observers might suspect a "hidden agenda" in a Suez/Lyonnaise merger – the opportunity for Lyonnaise to take control of Tractebel. But he said the overlap between the two utility groups' activities was only 5 per cent.

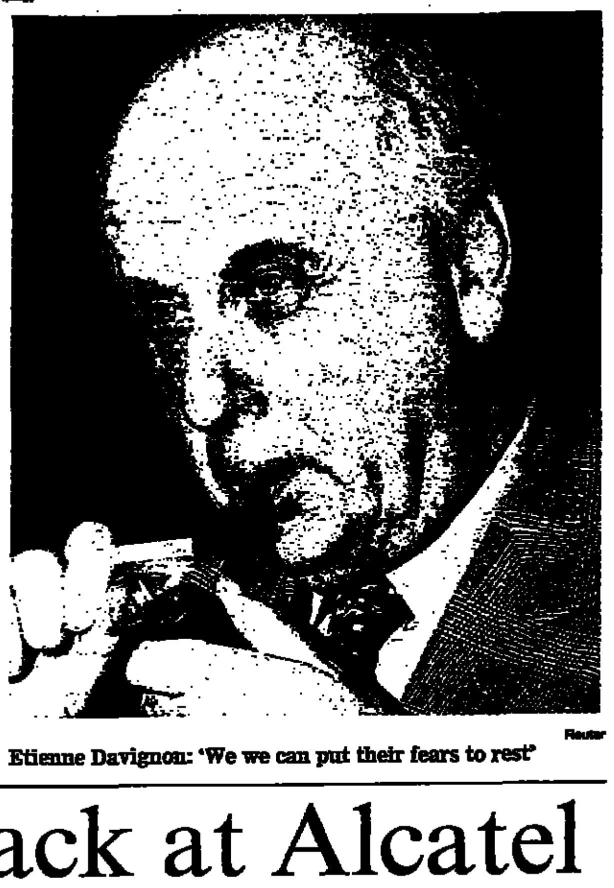
Tractebel's move to merge with its partly-owned subsidiary Powerfin, the vehicle for its international expansion activities in recent years, would also help it defend its independence, Mr Davignon added.

The issue of new Tractebel shares in its three-for-one share swap with Powerfin would result in dilution of La Générale's holding in Tractebel from 65 per cent to just over 50 per cent, as well as strengthening its international expansion capacities.

On the creation of a Belgian "mega-bank", Mr Davignon said he was surprised at the speculation that has swept through Belgian financial markets in recent weeks.

In spite of Générale de Banque chairman Mr Ferdinand Chaffart's comments last week that he remained "open to the idea" of a merger, Mr Davignon said there had been no contacts between the bank and the most likely merger candidate, Banque Bruxelles Lambert, since last summer.

La Générale announced an 11 per cent increase in 1996 consolidated net profits to BFr11.09bn (US$320.4m), with strong increases in the contribution of both Tractebel and Générale de Banque.



Reuter

Etienne Davignon: 'We we can put their fears to rest'

Orange, blue and back to black at Alcatel

It is not only in its shape that Alcatel Alsthom's new bid for Thomson-CSF, the French defence electronics giant, differs from last year's offer for the entire Thomson group. The style of its presentation will be radically different as well.

This became clear this week when the French telecoms and engineering group used its annual results presentation to deliver a slick 32-page pamphlet – in tasteful blue and orange – on its plans for Thomson-CSF.

It recently confirmed it would make a joint offer for the company with an arm of Dassault, the aircraft maker. Bidders are being asked to make preliminary offers by March 28.

Last year, Mr Serge Tchuruk, Alcatel chairman, said virtually nothing about the group's plans for Thomson for almost six months after making public his interest in a possible takeover.

As this week's document made clear, the two bidders are still proposing that Aerospatiale, the state-owned aircraft maker expected soon to merge with Dassault, should join in their plans after Thomson-CSF has been privatised.

The French authorities this month excluded Aerospatiale from being a candidate in the Thomson-CSF sale, either alone or in a joint bid, in a move initially portrayed as a blow to Alcatel: Mr Tchuruk had earlier indicated Alcatel was in talks with Aerospatiale and Dassault to mount a joint Thomson bid.

But the Alcatel chairman has asserted he was "not at all astonished" at Aerospatiale's exclusion. Had the state-owned entity been cleared to proceed in a joint bid with the two private companies, he argued, it would have meant the government had in effect, decided which bid to choose.

If the Alcatel-Dassault bid were successful, Mr Tchuruk said, the company would be "very open" to "targeted" joint ventures with other European defence companies, such as GEC of the UK and Dasa of Germany.

He seemed pessimistic about prospects for a rapprochement with Lagardère, the other expected bidder for Thomson-CSF. The missiles-to-magazines conglomerate last year appeared to have won the duel for Thomson, but the sale was suspended after an independent commission rejected the terms of its offer.

Mr Tchuruk made his comments as Alcatel unveiled a strong recovery in net profits, to FFr2.7bn ($477m) from a loss of FFr25.6bn in 1995. Last year's figures included FFr23.1bn in exceptional provisions and depreciation charges from a restructuring programme launched in 1995. Operating income surged from FFr600m to FFr2.9bn, on sales that edged up from FFr160.4bn to FFr162.1bn.

The company plans a dividend of FFr10 a share, after FFr8 last year.

The core telecoms unit remained in the red on significantly higher sales, but the operating loss was cut from FFr3.3bn in 1995 to FFr800m.

Net debt fell sharply from FFr20bn to FFr13.1bn, helped by the disposal of FFr11bn of assets. Gearing was cut from 61 per cent to 32 per cent.

David Owen

INTERNATIONAL NEWS DIGEST

JCI to review group structure

JCI, the South African mining group sold by Anglo American to a consortium of black investors, has begun a strategic review of its traditional mining house structure. Mr Mzi Khumalo, who took over as chairman on Monday, said he would examine the future of all the group's assets, which span coal and base metals, gold, chrome and financial investments. The review was intended to achieve "the best returns over a four to seven-year period", he said.

The weak rand had buoyed the contribution to group earnings from gold, from 14 per cent to 30 per cent in the six months to December 31. Coal and base metals contributed 39 per cent over the same period, compared with 23 per cent from financial investments and 8 per cent from chrome. "We will take out the financial investments," Mr Khumalo said in an interview. He refused to speculate on the future of the other operations. His African Mining House has battled to finance the acquisition of a controlling 37 per cent stake in JCI, which it purchased in November for R2.9bn ($657m), a premium of about 10 per cent to the market price. Mr Khumalo criticised "a short-term approach among local institutions. We have 84m oz of gold reserves, but everyone is asking what the share price will be in December", he said.

The purchase will be financed by the issue of new shares in Saflife, the life assurer which is part of Mr Khumalo's Capital Alliance, a diversified financial services group. JCI reported a robust performance in the six months to December 31. Total income rose by a quarter to R244m. Earnings per share increased from 111 cents to 115 cents. The interim dividend was 1 cent higher at 25 cents. *Mark Ashurst, Johannesburg*

Pernod Ricard ahead

Pernod Ricard, the French wine and spirits company, said yesterday 1996 net profit rose 7.9 per cent to FFr1.19bn ($210m) from FFr1.1bn in 1995, largely on a reduction in financial charges. The figures were in line with analysts' expectations. It said financial charges in 1996 fell 23 per cent to FFr208m from FFr271m. Operating profit, calculated before financial charges, only rose 3.4 per cent to FF1.94bn from FF1.87bn in 1995. Pernod Ricard said 1996 sales, which grew 5.5 per cent to FF16.81bn, were helped by a general rise in foreign currencies compared with the French franc. The net effect of acquisitions and divestitures in 1996 cut FF118m from sales. Sales were evenly divided between alcoholic and non-alcoholic beverages. By geographic breakdown, 38 per cent of sales were in France, 42 per cent in the rest of Europe and 20 per cent in the rest of the world. *AP-DJ, Paris*

Bic ahead 14% despite sharp rise in charges

By Andrew Jack in Paris

Bic, the French disposable pens, lighters and shavers group, yesterday reported net income up 14 per cent to FFr684m ($120.76m) for 1996 in spite of a sharp rise in exceptional charges.

Net sales rose 6 per cent to FFr6.4bn, and operating profit by 15 per cent to FFr1.2bn in spite of a rise in marketing, commercial and research and development expenditure in the Bic division. There were increased losses and a sharp drop in sales at its sailboard subsidiary.

The Bic division, which encompasses its principal products, reported an increase of 8 per cent to FFr6.1bn in sales, of which 2 per cent was the result of exchange rate fluctuations, especially the rise in the value of the dollar against the franc.

Sales growth was "moderate" in Europe, "reasonable" in South America and stronger in North and Central America.

Turnover in the Guy Laroche luxury clothing division dropped from FFr328m to FFr255m, and operating losses increased from FFr44m to FFr45m, partly because of the closure of the Gaston Jaunet prêt-à-porter business.

The group took a FFr68m charge for restructuring in Brazil, and to cover its Guy Laroche operations, compared with FFr38m last time, when the costs were mainly related to the buy-back of minority shareholders in Bic Corporation of the US.

The charges were offset by an exceptional gain of FFr55m from interest payments and the refund of stamp duties paid in prior years by Bic on increases in its share capital.

Interest income fell 57 per cent to FFr66m, reflecting the fall in interest rates.

The group said there would be a final dividend of FFr6 a share payable in July, on top of an interim dividend of FFr5 paid in January.

Bic said the German authorities had recently approved its acquisition of Tipp-ex, the "liquid paper" correcting fluid group, acquired in January for an undisclosed sum.

COMPANIES AND FINANCE: THE AMERICAS

LVMH drops plan to buy rest of DFS

By Andrew Jack in Paris

LVMH, the French luxury goods group, yesterday said it had abandoned its bid to acquire the outstanding shares held by a minority investor in DFS, one of the world's biggest duty free shopping chains, in the latest twist in its bitter takeover battle.

In a curt five-line statement, the group said its board had resolved yesterday not to pursue negotiations to acquire the 38.75 per cent stake held in DFS by Mr Robert Miller, and so he and LVMH would "together continue as shareholders". It refused to make any further comment.

Its action comes after the group paid FFr12.6bn ($2.2bn) to buy a 58.75 per cent stake in DFS at the end of October last year from two of its shareholders, which it subsequently increased to 61.25 per cent after persuading a third investor to cede his stake.

The latest development comes only three weeks after LVMH, headed by Mr Bernard Arnault, stressed that it was "nearing completion" of a deal to buy Mr Miller's stake on terms similar to the terms agreed with the other investors.

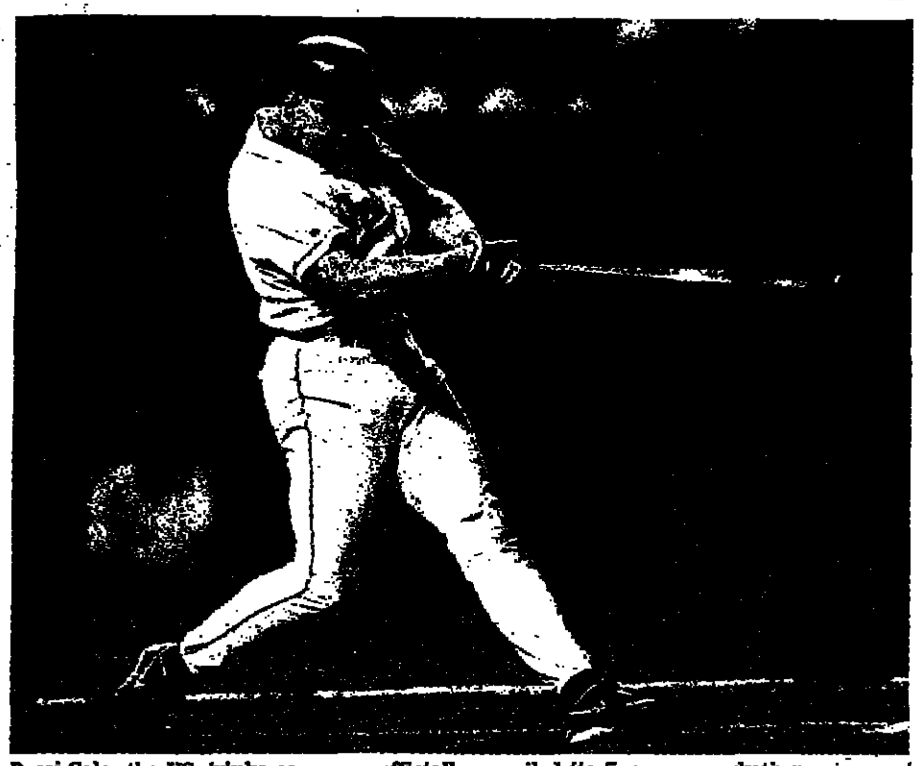
It echoes similar difficulties experienced by LVMH in November last year, when it announced that it had acquired control of Chateau d'Yquem, one of the world's most exclusive and expensive wine producers, only to be contradicted by family shareholders who launched a strong counter-attack.

One analyst argued yesterday that LVMH was still keen to obtain full control of DFS, and that yesterday's statement might simply be part of an exercise in bluff in the continuing battle over the price that Mr Miller would be willing to accept for his stake.

Mr Miller, a flamboyant billionaire, and Mr Anthony Pilaro, a tax lawyer who owned 2.5 per cent of the company, had originally made their own offer to buy out the two other shareholders. When LVMH's rival bid was accepted, the two investors took legal action.

They argued that the transaction violated the "wise man agreement" designed to ensure that shareholders were not also acting as suppliers to the company. Kohlberg Kravis Roberts, the US buy-out firm, also subsequently expressed an interest in bidding for DFS.

LVMH is due to report its 1996 results today. DFS published at the start of this month preliminary income from operations during the year of FFr1.73bn.



Pepsi-Cola, the US drinks company, officially unveiled its five-year marketing agreement with Major League Baseball, reports AP-DJ from New York. The deal makes Pepsi the official soft drink of Major League Baseball and gives the company exclusive rights to use Major League Baseball's trademarks in advertising, packaging, merchandising and promotions. Financial terms were not released. The picture shows Cal Ripken of the Baltimore Oriels. Picture: Allspor

AMERICAS NEWS DIGEST

PointCast plays down takeover talk

PointCast, the developer of "push" software which turns the Internet into a medium more like television, yesterday moved to quell speculation that it was about to accept a bid from News Corporation, the global media group controlled by Mr Rupert Murdoch. Mr Chris Hassett, chief executive of PointCast, did not deny that talks had taken place, but he played down their significance. "While PointCast has been approached from time to time by unsolicited acquirers, our present intention is to remain independent," he said.

Investment bankers said PointCast may have considered a bid because market conditions for high-tech flotations have worsened, but News Corp and PointCast were reported to be far apart on price. In its statement, PointCast suggested a public offering was still a possibility. *Nicholas Denton, San Francisco*

Lilco assets to be sold

Brooklyn Union Gas and Long Island Lighting Co (Lilco) are to sell Lilco's electric transmission and distribution system, substantially all of its regulatory assets, and its share of the Nine Mile Point 2 nuclear plant to Long Island Power Authority (LIPA).

LIPA will pay cash for stock valued at about $2.5bn in a holding company to be formed by Brooklyn Union and Lilco. The companies said the yet to be named holding company would include Brooklyn Union's entire operations and Lilco's natural gas distribution system, non-nuclear electric generating assets and certain other assets.

Brooklyn Union and Lilco announced their intention to merge on December 29 1996, creating a $4bn electric and gas company. *Reuter, New York*

IBM in software buy

International Business Machines plans to buy a majority stake in NetObjects, a privately-held supplier of software used by businesses to build Internet Web sites. IBM said the investment reflected its strategy to champion leading Internet technologies that help businesses exploit network computing.

NetObjects, headed by Mr Samir Arora, said it would continue to operate as an independent company that supports leading platforms and standards. NetObjects has partnerships with other computer industry leaders including AT&T, Microsoft, Netscape Communications, Sun Microsystems and WorldCom.

Mr Michael Zisman, executive vice-president at Lotus, will join the NetObjects board and will represent IBM's interests. The original investors, the management team and employees of NetObjects will retain investment interests. No further details of the transaction were disclosed. *Reuter, New York*

Chilectra to invest $250m

Chilectra, Chile's largest electricity distributor, plans to invest $250m this year in power companies it owns in Argentina, Brazil and Peru, said Mr Marcos Zylberberg, general manager. The company will invest $110m in Edesur in Buenos Aires, $100m in Rio de Janeiro distributor CERJ, and $45m in Lima-based Edelnor. It will also spend 19bn pesos ($46m) in Santiago this year, up 11 per cent on its investment in the city last year.

Chilectra is about 75 per cent owned by power investment company Enersis. The company's local investments, which include four new sub-stations, will be financed from its own resources. *Reuter, Santiago*

HSBC takes seats on Serfin board

By Daniel Dombey in Mexico City and George Graham in London

HSBC Holdings, the international financial group which yesterday announced plans to invest $300m in Grupo Financiero Serfin, will take three seats on the board of the troubled Mexican banking group.

HSBC's 19.9 per cent stake will show in the accounts as an investment, but the board seats indicate it intends to play a role in the management of the group, which owns Banca Serfin, Mexico's third largest bank.

Before the deal can go ahead, Serfin's balance sheet will have to be strengthened by asset and equity sales. Together, the measures to improve Serfin imply a further dilution of more than 50 per cent for shareholders.

Asked how much the controlling shareholders' stakes had been reduced since the bank's problems erupted with the peso devaluation of 1994, Mr Adolfo Lagos, Serfin chief executive, said: "Those are masochistic numbers. We would prefer not to discuss them."

Analysts were yesterday cautious about how much difference the HSBC agreement would make to Serfin's prospects. Midway through trading yesterday Serfin's B shares had fallen 2.5 per cent to 3.4 pesos.

"This agreement does not mean that Serfin will be profitable," said Mr José García-Cantera, head of Latin America research at Salomon Brothers in New York. "But it does mean that the bank is far from defaulting or going bankrupt."

In London, HSBC shareholders were critical in principle of the idea of a minority stake which does not carry full control, but acknowledged it was a small venture for a bank which by some estimates will have more than £4bn ($6.36bn) of surplus capital by the end of this year. Nevertheless, one London broker commented: "It's amazing how many sins one can mask with the comment 'relative to the size of the group as a whole'."

Crucial to the whole process is the Mexican government, which is taking poor quality loans off Serfin's books – after saying it would not do so again – and buying a stake of somewhat less than 20 per cent in the bank.

Serfin's problems stemmed from its large burden of poor quality loans, which deteriorated rapidly after the devaluation. While the government bailed the bank out by taking over many of the loans, it also obliged it to increase its depleted capital.

Serfin staff estimate that to date the bank has sold poor quality loans with a nominal value of 38bn pesos ($4.78bn) to the government. The bank's remaining past due loans of 14bn pesos total 22 per cent of its portfolio.

Under the bank's agreements with the government, Serfin has to raise $1.3bn in new capital by the end of June this year.

In addition, the bank had to pay off a bridge loan of $290m from J.P. Morgan. It plans to do this with the proceeds from the sale to HSBC.

The transaction with HSBC will not take place until Serfin completes its capitalisation programme and the final price paid will depend on the value of the bank's assets at the time. The first step in the programme is the sale of 49 per cent of Serfin's insurance business, which is scheduled some time during the next two months, and which aims to raise $100m-$125m.

Brussels probe into Boeing to focus on airliners

By Emma Tucker in Brussels

The main focus of the European Commission's extended investigation into the proposed merger between US aircraft makers Boeing and McDonnell Douglas will be the impact of the deal on the market for commercial aircraft, the Commission said yesterday.

The investigation will also examine how Boeing stands to benefit from access to military technology and funding as a result of the merger.

Confirming the opening of an in-depth investigation into the deal, the Commission's competition authorities said they were concerned the merger would strengthen Boeing's leading position in the market for commercial jet aircraft.

"With a market share of more than 60 per cent, Boeing is by far the leading player in the overall world market for commercial jet aircraft of more than 100 seats," said a statement from Mr Karel Van Miert, the competition commissioner. "Following the proposed merger, there will be a further increase in Boeing's market share and only one remaining competitor, Airbus."

The merger, notified to the Commission last month, will create the largest aerospace company in the world. Not only would it command three-quarters of the world's $50bn a year commercial airliner market, it would also boast annual defence sales of more than $15bn.

The Commission said that without taking into account the recently completed acquisition of Rockwell Defence and Aerospace, Boeing would approximately triple its defence and space activities through the merger with McDonnell Douglas. Some 70 per cent of McDonnell's total business is related to defence and space.

Therefore, the Commission said it intended to examine the impact of the large increase in Boeing's defence and space business on the commercial side of its activities.

"McDonnell Douglas has access to oodles of Pentagon funds that could be used by Boeing on the civil side," one Brussels competition lawyer said. "Government funded research and development could also spill over into the civil side."

One other element for examination is the increased bargaining power vis-à-vis equipment suppliers that the merged companies would enjoy.

The Commission has four months to complete its investigation, during which time US antitrust officials will also be completing their probe into the deal. Brussels is likely to send out a formal statement of objections after roughly the first five weeks of the investigation.

Caracas prepares Cadafe for the block

Troubled Venezuelan power company faces being broken up amid draconian cost-cutting

In spite of vast energy resources and one of the first power generation networks in South America, Venezuela has one of the most inefficient power companies, the state-owned Compañía Anónima de Administración y Fomento Eléctrico (Cadafe).

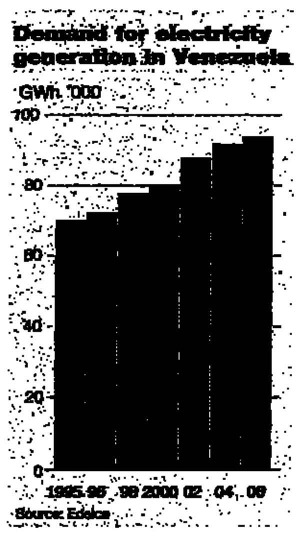
Of the 27,000 gigawatt-hours that Cadafe produces annually, an astonishing 38 per cent is lost due to administrative and technical inefficiency as well as illegal tapping of transmission wires.

With Cadafe on the verge of collapse, the government has appointed new managers to restructure and streamline operations in preparation for eventual privatisation. "As it is, the company simply has no future in the long term," says Mr Luis Andres Rojas, who was appointed president of Cadafe last August.

Under the privatisation plan, Cadafe will be split into between seven and nine "independent and economically attractive" units, which are eventually to be sold. The plan also calls for draconian cost-cutting measures, primarily reductions in personnel and financial costs.

Mr Rojas and his team of consultants, engineers and accountants face a daunting task. The government has given them until the end of this year to turn around a debt-ridden, inefficient and corrupt company, without much outside support. Like other public enterprises in Venezuela, Cadafe has for years been managed on political rather than corporate criteria.

Demand for electricity generation in Venezuela



Source: Edelca

According to Mr Rojas, an estimated 3,000 of Cadafe's 12,800 employees will have to be made redundant. Yet dealing with 37 labour unions to cut generous worker benefits and redundancy costs will not be an easy task. Cadafe employs some 500 former and present union leaders under life-time contracts with per-diems and travel allowances.

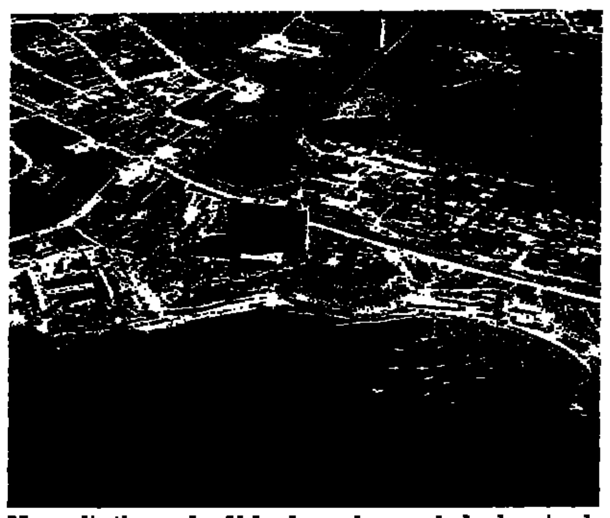
In an effort to pre-empt labour opposition, Cadafe's management has emphasised retraining and early retirement programmes as part of its labour strategy. According to Mr Daniel Duran, union leader and labour director on Cadafe's board, the strategy seems to be working. He claims workers are not being consulted about the privatisation process, but says most unions are unable or unwilling to influence it.

Cadafe's new management is also busy putting the company's books in order. Since 1992, no external auditor has found that Cadafe's books accurately reflect its financial situation. In 1995, one firm refused to audit Cadafe for lack of accurate financial information.

The company also needs $1bn of investment. Outdated equipment increasingly leads to power loss and black-outs. According to Mr Carlos Sanchez, vice-president of planning, Cadafe made operating profits of Bs20bn ($41.8m) last year but is expected to register a net loss, largely as a result of the financial burden of its $2.3bn debt to the central government.

Delayed rate increases last year heightened Cadafe's financial troubles and led to a bitter stand-off between the power industry and the government. Currently Cadafe sells a kilowatt-hour for an average of Bs16 (3.3 US cents) and generates it at an average cost of Bs14-Bs15.

A recent executive decree aims to pave the way for a new rate system. Yet Mr Carlos Pérez, who heads the industry association Caveinel, warns that problems persist. "The regulatory agency is guided by political rather than technical criteria and without a clear rate system no foreign investor will put money here."


Margarita time: sale of island complex may be back on track

Mr Erwin Arrieta, energy minister, says that the government will not grant rate increases unless some power companies eliminate inefficiency and corruption. As a result, the regulatory commission now demands more detailed cost accountability from all utilities.

The privatisation of Cadafe and other public power companies will also require legislative reforms to restrict authority that municipalities have over local power companies.

According to the reform-minded Mr Sanchez, who joined Cadafe with Mr Rojas, mayors and governors are hesitant to give up such power, which they often use to "get local Cadafe managers to concede favours".

If Cadafe were to negotiate with each of the 289 municipalities it serves, he adds, the privatisation process would be stalled indefinitely. Government officials say they are fine-tuning a comprehensive legislative proposal before presenting it to congress sometime in March.

Eager to celebrate a successful privatisation in the power sector, the state privatisation agency, Fondo de Inversiones de Venezuela (FIV), is now struggling to get the long-delayed sale of the Margarita Island complex under way. Operated by Cadafe, the complex comprises two thermo-electric power plants, an underwater transmission line, and a distribution and transmission network. With a 30 per cent growth in demand for power expected over the next five years, the island's tourism-driven economy is an attractive market.

Cadafe is working with the FIV and the ministry of energy to establish a tariff structure exclusively for the island. "We are not going to fix a date for the sale of the Margarita complex until we have a tariff regime that guarantees a reasonable rate of return," says Mr Jesus Castellano at the FIV. He estimates the Margarita sale could go ahead in June or July this year.

Mr Sanchez remains confident that an additional Cadafe unit, the Monagas/Delta Amacuro division in eastern Venezuela, can be sold in late 1997 or early 1998. Yet with the 1998 presidential election campaign heating up, sacking workers and selling assets in a strategic sector of the economy could be a task left for the next administration.

Raymond Colitt

Microsoft and HP in server software pact

By Nicholas Denton and Louise Kehoe in San Francisco

Microsoft, the dominant developer of operating software for desktop computers, is poised to extend its control to the powerful server computers at the heart of corporate networks.

Under an alliance announced yesterday, the world's leading seller of servers running the traditional Unix operating system is to switch support to Microsoft's rival Windows NT product.

Hewlett-Packard, Microsoft's new partner, said demand for Unix-based machines continued to grow, and it expected the two operating systems to co-exist.

But Mr Lew Platt, Hewlett-Packard chairman and chief executive, said: "Microsoft has a very major position on the desktop and an increasingly significant position on servers. It is clear they are going to be a big long-term player."

Hewlett-Packard will promote NT to its corporate clients; go on joint sales visits with Microsoft representatives; extend its technical support for the operating system; and help staff a joint research centre at Microsoft's headquarters in Redmond investigating how NT works on Hewlett-Packard servers.

For the moment, only Hewlett-Packard machines powered by Intel microchips are compatible with Microsoft's operating software, and larger servers using so-called Risc chips still use Unix.

However, Hewlett-Packard plans to offer Windows operating software across its whole product range from 1999, when a powerful new chip being developed with Intel comes into production.

Microsoft grew out of the success of its Dos and Windows operating systems for desktop computers, and word-processing and spreadsheet applications such as Microsoft Word and Excel. In the early 1990s, it launched Windows NT, a more robust version of its operating system designed for servers such as the computers used on trading floors.

Until recently, Digital Equipment was the main server manufacturer aligned with Microsoft. But Hewlett-Packard's move shows even "Unix houses" are responding to the adoption of the operating system. It leaves rivals to Microsoft such as Sun Microsystems and International Business Machines in a more isolated position.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 20/03/97: Pool purchase price £/MWh	Final Prices for Trading on 20/02/97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	13.44	12.56	14.05
0100	13.44	12.56	14.05
0130	13.44	30.74	32.23
0200	13.44	30.74	32.23
0230	13.44	18.51	20.00
0300	13.44	18.51	20.00
0330	13.44	18.51	20.00
0400	13.44	12.56	14.05
0430	13.44	12.56	14.05
0500	13.44	12.56	14.05
0530	13.71	11.65	11.65
0600	13.71	11.66	11.66
0630	13.71	11.68	11.68
0700	20.04	11.69	11.69
0730	20.04	31.02	32.52
0800	20.51	31.02	32.52
0830	26.31	19.98	21.47
0900	26.32	20.31	21.81
0930	31.97	20.32	21.82
1000	45.83	33.28	34.73
1030	26.93	33.23	34.73
1100	24.29	33.28	34.73
1130	30.88	33.23	34.73
1200	60.88	33.28	34.73
1230	50.88	51.57	53.07
1300	50.88	51.57	53.07
1330	24.02	27.12	28.62
1400	24.02	27.12	28.62
1430	24.02	27.12	28.62
1500	24.02	27.12	28.62
1530	24.02	27.12	28.62
1600	23.39	27.12	28.62
1630	24.02	27.13	28.62
1700	24.02	27.14	28.64
1730	28.15	38.89	40.43
1800	26.30	40.69	42.30
1830	26.47	43.10	44.74
1900	58.19	43.01	44.62
1930	58.17	40.51	42.06
2000	58.01	38.78	40.28
2030	45.93	33.32	34.82
2100	26.16	33.32	34.81
2130	26.16	31.88	33.35
2200	24.01	20.31	21.81
2230	20.04	11.69	11.69
2300	19.79	11.67	11.67
2330	15.08	11.67	11.67
2400	15.03	11.65	11.66

Prices are determined for every half-hour in each twenty-four hour period. [illegible] Energy Settlements and Information Services Limited

First production line for Rolls-Royce

By Haig Simonian in Crewe

The loudest thing in a Rolls-Royce may still be its traditional clock, but even Britain's most timeless car-maker is changing the way it builds its products.

At the Crewe factory of Rolls-Royce Motor Cars, a revolution is taking place. Work has advanced on installing the first production line in the group's history as part of a £40m ($63.6m) investment by Vickers, its parent company.

Yesterday, Vickers announced an 11 per cent rise in pre-tax profits to £83.3m for 1996 whiles sales climbed 5 per cent to £1.2bn.

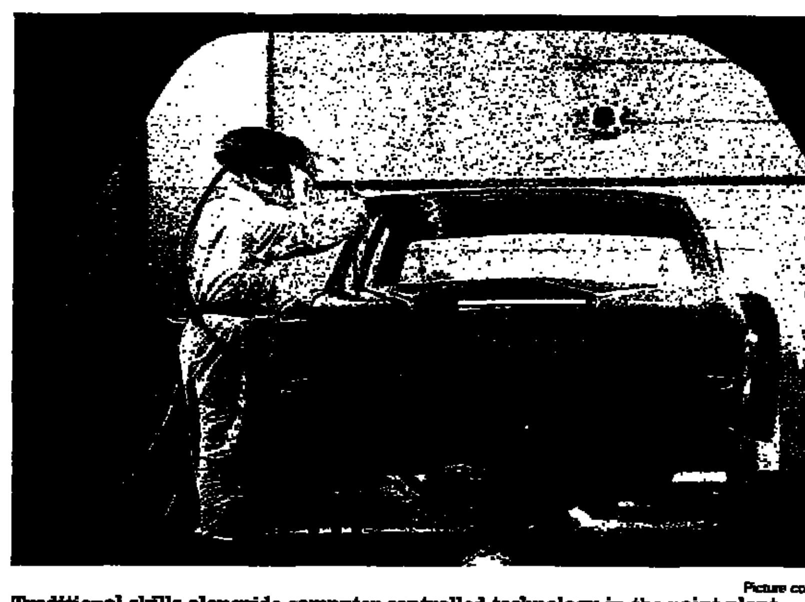
Rolls-Royce's new production line will not do away with the 77 craftsmen in the woodshop, nor the 90 skilled staff working on chrome "brightware", such as the famous Spirit of Ecstacy mascot. However, the line – which will replace the former practice of wheeling vehicles around the factory – should improve productivity ahead of Rolls-Royce's first new saloon car in about 20 years, Mr Graham Morris, chief executive, said.

Mr Morris, who took over on March 1, said he expected the new model to spur a 50 per cent rise in unit sales when it comes out some time before 2000. "That is the least we need to reward Vickers with the profit payback for the extra capital that's going in", he said.

Although sales of Rolls-Royce and Bentley cars climbed by 12 per cent to 1,744 units last year, that is still far short of its peak of 3,300 cars in 1990.

Mr Morris would not say when the new car would appear. However, other changes at Crewe suggest it may not be far off. In another part of the plant, installation of the company's first body welding shop is also nearing completion. Welding together bodies on-site, rather than buying them in, should improve quality and cut working capital, said Mr Morris. Bodies for the current saloon cars have been built by Rover in batches of several hundred at a time and stored at Crewe until required.

The investment in body assembly followed the decision in 1994 to purchase engines for the new range from BMW of Germany.



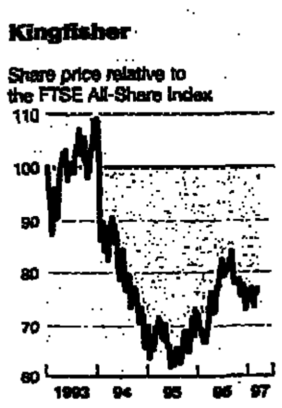
Picture courtesy of Vickers

Traditional skills alongside computer controlled technology in the paint plant

LEX COMMENT

Kingfisher

Everything has finally gone right for the retail conglomerate Kingfisher. Having stumbled on all five legs in 1994, it has picked itself up and would have us believe it is sprinting towards a dynamic future. The over-supplied Do-It-Yourself market is littered with lossmaking operators, but B&Q is finally making market leadership pay. Margins are almost back to 1994 levels, but its new Warehouses are performing well and should underpin growth. Darty is still beating its peers in an unfriendly French market. Woolworths has achieved a pick-up in like-for-like sales, and Comet and Superdrug look sprightlier.



This does not, however, add up to a clean bill of health. B&Q can look forward to an excellent year, but as it rolls out more Warehouses, there is considerable risk that they will start to poach business from its older superstores – particularly since none of the industry's walking wounded look interested in retiring.

Comet faces the recent government swipe at electrical goods warranties. Attempts to make Superdrug look more like Boots will come at a cost. And Darty, the group's largest profit centre, will show a significant decline in sterling profits if current exchange rates are maintained.

Of course, with interest cover back up to 16 times, the management may try to add spice through acquisitions. But its record with Comet, Superdrug and even Darty, suggests investors should not get over-excited at the prospect.

Shares rise 10% on possible tie-up with Shell in Bangladesh

Cairn value rises above £1bn

By Jane Martinson

The market valuation of Cairn Energy, the UK oil independent, passed the £1bn mark yesterday when it announced a possible tie-up with Royal Dutch Shell in Bangladesh.

The shares rose 56p to 634½p, making the company the third largest in the sector at £1.07bn ($1.7bn).

Cairn said that joint venture discussions with the Anglo-Dutch oil giant were likely to be finalised in the next few weeks. Mr Bill Gammell, chief executive, said: "We are fairly confident that we will able to come to some agreement."

The tie-up is expected to involve the two groups applying jointly for the latest round of exploration licences in Bangladesh.

But the involvement could go further, with both groups interested in the development of Asian gas.

It said that it had been approached by a number of companies interested in a tie-up. The latest round of about 13 licences in the area is understood to have attracted 83 companies.

Cairn's involvement in Bangladesh, which it first entered four years ago, has been the main driver to the company's growth from a valuation of £6m in 1992. It expects to produce its first gas from the area next April.

Cairn intends to spent about £80m on exploration and development this year, more than twice that of 1996.

Net income fell to £3.25m (£8.89m) last year. The 1995 figure was flattered by a £9.49m disposal gain. Net cash stood at £35m.

Turnover rose 68 per cent to £36.5m (£21.7m), while operating profits jumped to £7.31m (£1.02m), chiefly because of acquisitions and higher oil prices.

Reserves increased tenfold to 189m barrels of oil a day last year.

Recovery at Comet sparks Kingfisher

By Christopher Price

A strong recovery at the Comet electrical chain combined with firm growth at the B&Q home improvement business helped Kingfisher report a 25 per cent rise in annual pre-tax profits to £388.7m ($618m).

The increase exceeded City expectations and Kingfisher shares rose 22½p to 697p. Group sales rose 10 per cent to £5.82bn, which also included a strong showing from Woolworths, the high-street store.

Sir Geoffrey Mulcahy, chief executive, said the results showed Kingfisher had moved into a strong position in its various markets, and predicted further cost efficiencies and organic growth. He warned, however, that the consumer market was likely to remain sluggish.

He refused to comment on market speculation linking Kingfisher to the Littlewoods high-street business, currently up for sale, Wickes, the troubled DIY group, or BUT, the French furniture and electrical retailer in which it holds a 26 per cent stake.

Comet showed the biggest improvement, lifting operating profits six times to £20.2m on sales 20 per cent higher at £702m. Most of the increase was attributed to improvements in the division's cost base and organisation. Like-for-like sales rose 13 per cent.

Profits at B&Q rose 75 per cent to £97.2m. Sales were 14 per cent ahead at £1.46bn, with like-for-like sales improving 10 per cent.

The rise, which came against a 6 per cent growth in the DIY market, was led by the group's new "Warehouse" concept where like-for-like sales increased by more than 12 per cent.

A B&Q store had been successfully tested in Taiwan, with a further three sites earmarked.

Tough trading conditions in the French electrical market persisted, pinning back Darty to a 5 per cent rise in profits to £113.3m, although this increase disappeared under the effect of sterling. Sales were also flat at actual exchange rates, at £1.14bn.

Woolworths increased profits by 29 per cent to £84.1m struck on a 7 per cent rise in sales to £1.53bn.

Overseas growth lifts Indep News

By Raymond Snoddy

Independent Newspapers of Ireland yesterday announced a 47 per cent increase in pre-tax profit to I£73.5m ($112.9m) last year on the back of continued international expansion.

Its media companies in the UK, South Africa and France all reported record results.

Mr Tony O'Reilly, chairman of the Independent group and of food group HJ Heinz, said last year's expansion had made the Independent group "a truly global media company".

In South Africa, the group's 60 per cent-owned subsidiary Independent Newspaper Holdings, the country's largest publisher, acquired the magazine publisher Penta. In New Zealand the Independent's stake in Wilson & Horton, the newspaper publisher, was raised to more than 85 per cent.

In Ireland operating profits of I£34.5m were up by a third as strong economic growth boosted advertising, and sales of the Irish Independent increased.

Australian Provincial Newspapers raised profit 3 per cent to I£26.1m in difficult economic circumstances.

Independent Newspapers, which owns 46.4 per cent of Newspaper Publishing, publisher of The Independent and the Independent on Sunday, has grown considerably over the past five years. "We see the acquisitions in South Africa and New Zealand as putting the lid on it as an international company," Mr Liam Healy, chief executive, said yesterday.

RTZ-CRA revamp will cut costs

By Jane Martinson and Nikki Tait in Sydney

RTZ-CRA, the world's largest mining company, is to rationalise its management structure in a move which will lead to estimated cost savings of between $50m and $60m a year.

The Anglo-Australian group is to cut 200 jobs in the US and Australia and close an office in Salt Lake City as part of a reorganisation from a geographical to a product-based structure. It will incur a one-off charge of about $40m this year.

The reorganisation follows the operational merger of the London-based RTZ operations and those of CRA, headquartered in Melbourne, at the end of 1995. Although there was no cash bid, the two companies moved to an innovative "dual-listed company" structure. RTZ had previously owned 49 per cent of CRA.

Mr Robert Wilson, executive chairman, said the company would not consider a return to separate listings but a possible future listing of individual assets was "something that we won't close our eyes to".

One or two layers of management would be removed in some divisions. "We wanted to have a direct dialogue with what's going on, rather than having to go through an intermediate office." The new set-up, with six product and two operational divisions, is intended to produce greater simplicity and transparency.

The shares fell 11p to 963½p, although analysts blamed market weakness and misleading reports about the cost savings.

Mr Wilson said the group had considered putting some products – iron ore, coal and diamonds – into the new structure at the time of the merger. But "at that stage, we thought it was too radical a proposition".

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Aegis	Yr to Dec 31	3,453	(3,401)	39.6	(33.6)	3.3	(2.8)	0.35‡	July 3	nil	0.6	nil
Beazer	6 mths to Dec 31	227.4	(158.2)	23.8	(18.5)	5.83	(4.8)	2.1	Apr 28	2	-	6
BHB Resources	Yr to Dec 31	115.2	(102.4)	6.36	(5.72)	20.9	(17.2)	5.2	May 23	4.4	7.6	6.4
Bowthorpe	Yr to Dec 31	524.9	(470.4)	72.9♠	(77.5)	20.88	(23)	6.96	July 1	6.5	10.17	9.5
Brandon Hire	Yr to Dec 31	21.9	(14.3)	1.73♠	(1.5)	7.1	(6.7)	1.8	May 16	1.5	2.7	2.25
Britt Allcroft	6 mths to Dec 31	5.05	(5.49)	0.953	(0.881)	2.9†	(3.4)	0.6	Apr 25	-	-	-
Broadcastle	Yr to Dec 31	-	(-)	1.71	(1.33)	3.95	(3.06)	1	May 10	0.9	1.75	1.5
Cairn Energy	Yr to Dec 31	36.5	(21.7)	5.93	(9.46♥)	3.12†	(11.7)	-	-	-	-	-
Cakebread Robey	Yr to Dec 31	15.8	(17.6)	0.609	(1.02♥)	9.4	(16.5)	1.75	May 28	2	3	2
Caledonian Trust Φ	6 mths to Dec 31	1.65□	(1.55□)	0.435	(0.347)	4	(3.3)	-	-	-	-	-
CMC Properties	Yr to Dec 31	7.36	(6.95)	2.36♠	(1.51)	12.3†	(8.2)	1.7	July 3	1.5@	3	2.7@
Canning (W)	Yr to Dec 31	77.7	(74.5)	8.95	(7.02)	20.2	(15.4)	5.1	July 1	4.8	8.5	8
Cantab Pharms	Yr to Dec 31	3.12	(0.755)	4.49L	(6.14L)	34L†	(61L)	-	-	-	-	-
Clydeport	Yr to Dec 31	17.4	(18.2)	5.31	(5.32)	13.59	(13.34)	3.3	May 23	3	4.8	4.4
Devro	Yr to Dec 31	302.2	(97.8)	44.4♠	(31.1)	18.5†	(17.4)	5.7	May 23	5.1	8.5	7.7
DRS	Yr to Dec 31	4.82	(6.47)	1.73L	(0.594)	3.43L	(1.33)	nil	-	0.25	0.25	1
Evans Halshaw	Yr to Dec 31	870.8	(834.8)	9.32L♠	(13.6♥)	32.9L	(28.8)	11	May 12	11	16.5	16.5
EW Fact	Yr to Dec 31	11.8	(10.3)	1.69♠	(0.969♠)	6.03	(3.71)	1.1	June 6	0.75	2	0.75
Exco	Yr to Dec 31	215.7	(207.6)	18.2	(18.3♠)	6.4	(8.3)	3	May 30	6	4.5	9
Financial Pub Φ	6 mths to Dec 31	1.89	(2.26)	0.104	(0.224)	4.27	(9.52)	-	-	-	-	-
Hat Pin Φ	Yr to Dec 31	2.44	(1.52)	0.325	(0.32)	8.2†	(7.1)	1.72	-	-	2.72	-
Independent News ♣	Yr to Dec 27	419.1	(367.9)	73.5♥	(50♥)	16.52†	(14.52)	4.6	May 22	3.9*	6.9	6*
Kingfisher	Yr to Feb 1	5,815	(5,281)	388.7	(311.7♥)	41.4	(34.4)	14	July 4	11.7	19	16.2
Loftus Road Φ	6½ mths to Nov 30	3.1	(-)	4.45L♠	(-)	16.2L	(-)	-	-	-	-	-
Marley	Yr to Dec 31	700.1	(713.9)	85♥	(46.3♥)	20.9	(10.2)	2.9	May 30	2.6	5	4.7
Matthews (Bernard)	Yr to Dec 29	354.9	(302)	22.8	(18.7)	12.69	(10.45)	2.4	May 2	2	4.1	3.39
Radius	Yr to Dec 31	27.3	(26.1)	1.59	(1.81)	4.05	(4.37)	1.1	May 16	0.9	1.65	1.35
Roxam	Yr to Dec 31	2,307	(2,391)	190L♠	(180)	48.7L	(24.9)	8	June 4	8	14.1	14.1
Savoy Hotel	Yr to Dec 31	92.3	(96)	24.3L♠	(10.6♠)	93.8L	(21.9)	17.5	May 26	14	17.5	14
Semple Cochrane	6 mths to Dec 31	13.8	(10.3)	0.595	(0.442)	6.24†	(5.23)	0.15	May 31	-	-	-
Simon Engineering	Yr to Dec 31	324.7	(319.1)	50.6L♠	(8.4♠)	35.6L	(2.1)	nil	-	0.64	nil	0.64
Staffware Φ	Yr to Dec 31 ★	10	(4.27)	0.874	(0.535)	5.6†	(3.9)	1	May 14	-	1	-
Sunleigh	Yr to Dec 31	38.4	(38.5)	1.33	(1.45L♠)	0.2	(0.27L)	1	July 4	nil	1	nil
Television Corp	Yr to Dec 31	25.1	(-)	3.07	(-)	12	(-)	2	May 6	-	3	-
Town Centre Secs	6 mths to Dec 31	13.5□	(11.9□)	4.45	(4.24)	2.63	(2.38)	1.1	June 30	1.05	-	3.5
Trinity Intl	Yr to Dec 29	332.5	(167.9)	56.2	(27.5)	28.3†	(21.5)	8.2	May 2	7.4	11.8	10.7
Try	Yr to Dec 31	141.2	(137.2)	1.05	(4.39L♠)	1.52	(6.35L)	nil	-	nil	nil	nil
UniChem	Yr to Dec 31	1,479	(1,403)	40.3♠	(49.4)	13.9	(19.3)	5.8	July 1	5.3	8.8	8
United Carriers	Yr to Dec 31	138	(127.9)	2.07	(1.86L♥)	5.3	(7.1L)	1.8	May 20	1.6	3.4	3.2
Vickers	Yr to Dec 31	1,198	(1,144)	83.3	(75♠)	16.7	(15.6)	4.5	May 2	4.3	7.2	6.7
Weir	Yr to Dec 27	619.9	(622)	49	(45.5)	17.4	(16.6)	5.69	June 12	5.3	8	7.5
WEW	6 mths to Feb 1	61.4	(67.5)	1.63♠	(3.45L♠)	0.65	(2.44L)	nil	-	nil	-	nil
Williams Holdings	Yr to Dec 31	1,817	(1,599)	340.2♥	(228.3)	39.1	(22.8)	9.25	May 29	8.75	15.05	14.25
Xenova	Yr to Dec 31	1.59	(1.79)	7.77L	(7.99L)	59L†	(77L)	-	-	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ‡Foreign income dividend. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ♣Irish currency. @Adjusted for share consolidation. ΦAim stock. *Adjusted for scrip issue. ★Comparatives restated. □Rental income.

Zeneca link for Xenova

The biotechnology sector received a boost yesterday when shares in lossmaking Xenova jumped 80p to 435p on news of a tie-up with Zeneca, the pharmaceuticals group.

Analysts expressed surprise at the size of the rise, the latest sharp price movement in the feverish biotech sector. One said the jump was "totally unjustifiable" in the light of the announcement. However Greig Middleton, brokers to Xenova, said the higher share price gave the company a reasonable valuation of about £100m ($159m).

Xenova, which extracts chemicals from plants for potential new drugs, floated three months ago at 250p.

Zeneca has signed an agreement with Xenova to develop pharmaceuticals from its library of natural compounds.

Financial details were not released.

UniChem's Lloyds bid cost £14m

UniChem, the drugs distributor, said its failed bid for Lloyds Chemists had cost it£14.2m ($22.6m).

The net exceptional costs of £13.2m pushed pre-tax profits down from £49.4m to £40.3m last year. Underlying pre-tax profits rose 8 per cent to £53.5m.

Mr Jeffery Harris, chief executive, said he had no regrets about launching the bid, which would have doubled the company's market capitalisation.

UniChem, which offered £544m but lost out to Gehe, its German rival, would not have been able to deliver shareholder value at the level of Gehe's £684.1m bid, he said.

The group planned to spend about £40m on acquiring 100 pharmacies in the UK this year and would expand its European operations, through cross-shareholdings, mergers or friendly acquisition.

COMPANIES AND FINANCE: ASIA-PACIFIC

Hongkong Land jumps to US$649m

By John Ridding in Hong Kong

Hongkong Land, the property arm of the Jardine Matheson group, yesterday announced a sharp increase in net profits last year, from US$256.9m to US$649.4m, boosted by exceptional gains on the sale of its stake in Trafalgar House.

The sale of the 26 per cent stake in the UK construction, engineering and shipping group, now owned by Kvaerner of Norway, resulted in a gain of US$217m. In 1995, the troubled investment had prompted an exceptional charge of US$158m.

Mr Simon Keswick, chairman, cited progress in expanding the group's property and infrastructure interests in the region which, he said, would provide the base for longer-term growth.

However, he warned that earnings in 1997 are expected to be flat, despite Hong Kong's buoyant property market, because of the cyclical rental market.

Properties in Hong Kong are generally leased on a three-year contract. As a result, earnings are dictated by the timing of the property cycle, which has yet to regain the levels of 1994 in the office sector. Hongkong Land is one of the biggest owners of office property in Hong Kong, dominating the downtown Central district.

Mr Keswick said office rents had stabilised last year after falling sharply from their 1994 peak, and that the property price rise resulted in a valuation of investment properties of US$9.66bn, a rise of 27 per cent.

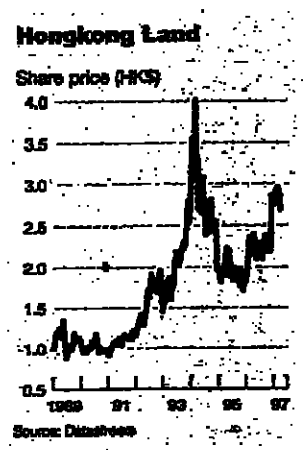
Hongkong Land's office and retail holdings, which total some 5m square feet, recorded 97 per cent occupancy at the year-end.

Excluding the charges and gains resulting from Trafalgar House, net profits rose 4 per cent to US$432m. Earnings per share increased from 9.78 US cents to 24.67 US cents.

A final dividend of 8.50 US cents a share took the total payment for the year to 12 US cents, a rise of 4 per cent.

Jardine Matheson, page 19

Hongkong Land
Share price (HK$)



Source: Datastream

More resign at Nomura

By William Dawkins in Tokyo

Two of Japan's most controversial financial figures yesterday said they would resign for the second time from the board of Nomura Securities, the stockbroker which recently admitted to dealing with *sokaiya* corporate gangsters.

Mr Setsuya Tabuchi and Mr Yoshihisa Tabuchi, known as "Big" and "Little" Tabuchi, said they would step down next month because of advanced age.

However, their resignations will be seen as related to Nomura's latest scandal. They follow Mr Hideo Sakamaki's resignation as president last week. The Tabuchis, who are unrelated, resigned as chairman and president, respectively, in 1991, after Nomura staff were found to have illicitly compensated favoured customers for share losses and helped a prominent gangster corner the shares of a railway company.

They returned to the board two years ago, as director-counsellors, since when they are said to have exerted strong influence over the management. They will continue to be employed by Nomura, in consultancy jobs, but a second reincarnation on the board is thought unlikely.

Finance One unit defaults on bills

By Ted Bardacke in Bangkok

One Holding, the investment arm of Finance One, Thailand's largest finance company which nearly collapsed earlier this month, said yesterday it had defaulted on a bills of exchange (B/E) repayment worth $13.5m.

The company has about $270m in outstanding debt, about half in B/Es denominated in foreign currency and mostly held by foreigners.

It cited a liquidity problem as the reason for the default. In spite of its connection with Finance One, One Holding has been left out of the finance company's emergency merger with Thai Danu Bank, a small commercial bank, and therefore can no longer count on its parent company to provide liquidity support as it had several times last year.

In addition, as a holding company rather than a finance company, One Holding cannot draw on emergency funds made available by the Bank of Thailand.

One Holding said it had appointed an unnamed financial adviser to help it negotiate with creditors to restructure loan payments. But lawyers said it would be difficult for investors to recover assets, as the B/E market in Thailand is unregulated.

Yields on most B/Es have widened considerably in the past few days, traders said, increasing funding costs for finance companies at a time when many depositors were redeeming promissory notes.

Indosat retracts over Telkom

By Manuela Saragosa in Jakarta

Indonesia's state-controlled international telecoms operator, Indosat, has retracted forecasts it made for early deregulation of monopolies covering domestic telecoms services.

The forecasts contradicted deregulation timetables spelt out by Telkom, the domestic telecoms service provider, in its 1995 IPO prospectus and provoked criticism from Telkom officials.

Indosat issued a statement yesterday saying its own forecasts should be "disregarded" and that they "do not refer to any revision in government policy". They were "merely intermediate targets set internally by [Indosat]", the company said.

Telkom shares fell earlier this week after Indosat indicated in reports sent to analysts that it expected Telkom's monopoly over domestic long-distance calls to end by 2001, and its monopoly over local calls to be lifted by 2005.

In its IPO prospectus, Telkom said these monopolies would end in 2005 and 2010, respectively.

Telkom shares staged a recovery yesterday, closing up Rp100 at Rp3,750, but concerns remain that the lifting of monopolies may be brought forward. Clarification is expected today as Telkom is scheduled to hold a conference call with analysts to discuss its 1996 earnings.

Santos buys WMC assets

By Nikki Tait in Sydney

Santos, the Australian oil and gas producer, yesterday exercised its pre-emptive rights and ousted Novus Petroleum as the buyer of WMC's Australian petroleum assets in a A$181m (US$150.8m) deal.

Santos will acquire WMC's 30 per cent interest in the production licence which includes the East Spar field and two joint venture interests in exploration permits, also in the Carnarvon Basin off Western Australia.

The deal will lift Santos's interest in East Spar field to 45 per cent and give it a two-thirds interest in the adjoining WA-214-P exploration permit.

To help fund the transaction Santos is making a one-for-eight rights issue at a A$4.00 a share, a significant discount to the A$4.89 closing price on Tuesday night.

Shares in Santos dropped sharply, by 16 cents to A$4.73.

ASIA-PACIFIC NEWS DIGEST

Mitsui bails out leasing subsidiary

Mitsui and Co, one of Japan's largest general trading companies, yesterday announced a Y21bn ($171m) bail-out for a troubled leasing subsidiary. The cash will pay for a five-year plan to write off bad debts at Mitsui Leasing and Development, which is 44.8 per cent owned by the trader.

Like most of Japan's financial institutions, the leasing company is still struggling under the burden of loans made at the peak of the economic boom of the 1980s. Sakura Bank and Mitsui Trust, shareholders and main bankers of the leasing group, have agreed to cut interest rates on loans to it, to help keep it afloat.

Mitsui and Co will account for the bail-out as an extraordinary charge in its accounts for the year ending this month. It will be compensated with extraordinary profits on the sale of shares, Mitsui said. Accordingly, there is no change in the trading company's forecast of a consolidated pre-tax profit of Y62bn this year, up from Y60.4bn in the 12 months to last March.

William Dawkins, Tokyo

■ The gap between the credit ratings of weaker and stronger Japanese banks will widen because of impending financial deregulation and the poor performance of the country's stock market, Moody's Investor Services, the US credit rating agency, has warned.

In a report on the Japanese banking system, Moody's said system-wide asset quality problems among banks remained a key concern, as continuing deregulation was likely to drag on banks' overall profitability. The government could be expected to maintain its commitment to protect the top 20 banks from failure over the intermediate term, the report said, but it questioned whether there were sufficient financial resources to back up that commitment "given the size of the problems".

Gwen Robinson, Tokyo

Hotel demand lifts Mandarin

Mandarin Oriental International, the hotel group controlled by Jardine Matheson, yesterday reported a 12 per cent increase in net profits, from US$53.7m in 1995 to US$60.1m last calendar year. The profit growth in the first half was the strongest since the Hong Kong hotel market weakened in 1989. It was fuelled by strong demand in Hong Kong and Manila.

Earnings per share for the first half climbed 11 per cent, from 7.78 US cents to 8.66 cents. Directors are proposing a final dividend of 4.65 cents a share, making a total pay-out for the year of 6.3 cents a share, up 7 per cent.

Louise Lucas, Hong Kong

Qantas sells Air NZ stake

Qantas, the privatised Australian airline, yesterday cut its links with Air New Zealand, placing its 19.9 per cent stake with institutional investors. The 112m B shares were sold at NZ$3.80 each in a deal handled by ANZ Securities. Mr James Strong, Qantas chief executive, said the NZ$425m (US$295m) proceeds would be used to reduce borrowings. Qantas said that as a result of yesterday's sale it would show a capital gain of about A$99m (US$77.9m) before tax.

Nikki Tait, Sydney

Korea Mobile profits up 85%

Earnings at Korea Mobile Telecom, the cellular communications company, rose 85 per cent last year, while sales increased 102 per cent. The company said earnings before interest, taxes, depreciation and amortisation were Won1,170bn ($1.39bn) in 1996, while sales were Won2,676bn. However, net income rose just 8 per cent to Won86.5bn. "Our corporate goals are to have 4.2m cellular subscribers and 6.8m paging subscribers by year end 1997," said Dr Jung Uck Seo, the company's president.

Philip Coggan

Cosco Pacific eyes terminals

Cosco Pacific, the world's fifth largest container leasing company, said yesterday it was in talks with its parent company over the potential acquisition of China port terminals.

The Hong Kong listed company's parent is Cosco (Hong Kong), the local arm of China Ocean Shipping, owned by the Chinese government. Cosco (Hong Kong) has interests in container terminals in a number of Chinese cities, including Shenzhen and Shanghai.

The possible injection of some of these assets into Cosco Pacific has been the subject of recent market speculation. Cosco Pacific itself owns a 50 per cent stake in one of Hong Kong's container terminals, which it bought in 1995. Cosco Pacific's share price dipped 0.5 per cent yesterday from HK$10.55 to HK$10.50.

■ Citic Enterprises, a construction materials company indirectly controlled by the Guangdong provincial government's investment arm, said yesterday its plans to list on the Hong Kong Stock Exchange are to go ahead, and that the initial public offer will close today as stated in the prospectus. The group's announcement followed market speculation that it had encountered hitches and its HK$105m issue – tipped to be heavily oversubscribed – might be delayed or even pulled.

Louise Lucas

Delphi in Chinese venture

Delphi Energy & Engine Management Systems, a subsidiary of General Motors, the US carmaker, yesterday announced a $55m joint venture with Shanghai Electrical to build a battery production plant in Shanghai. The project will be based in the Pudong development zone, giving a further boost to the government's plan to turn the east of the city into a commercial centre.

GM is expected to announce later this year that it will go ahead with a car factory producing Buicks out of Shanghai, once it is approved. Delphi has 10 joint ventures in China and has invested more than $200m.

James Harding, Shanghai

SOFTS (March 18)

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1025	+6	1035	1024	55	679
May	1033	+4	1048	1030	3,038	31,714
Jul	1039	−1	1055	1039	2,763	14,966
Sep	1046	+2	1060	1049	1,976	12,873
Dec	1044	+2	1057	1044	2,258	24,823
Mar	1062	+2	1072	1058	1,476	22,342
Total					12,341	132,861

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1459	−23	1485	1446	8,135	32,055
Jul	1485	−19	1508	1475	1,861	20,961
Sep	1511	−14	1525	1500	535	11,477
Dec	1530	−18	1548	1528	337	8,416
Mar	1559	−9	1570	1551	438	18,270
May	1577	−7	1588	1565	100	6,610
Total					11,409	98,781

■ COCOA (ICCO) (SDR's/tonne)

Mar 18	Price	Prev. day
Daily	1136.65	1138.98

■ COFFEE LIFFE ($/tonne)

Mar	1698	+5	1690	1630	270	1,567
May	1696	+6	1708	1610	2,652	26,464
Jul	1685	+10	1700	1598	1,262	10,790
Sep	1676	+11	1680	1588	696	5,598
Nov	1651	+11	1600	1565	153	2,628
Jan	1631	+16	1590	1540	46	885
Total					5,089	48,775

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	209.60	+11.95	220.00	193.50	284	305
May	168.80	+0.15	174.75	165.00	12,269	20,447
Jul	155.80	−1.35	161.00	152.50	3,882	7,928
Sep	144.35	−1.55	151.00	143.25	996	5,018
Dec	129.80	−2.85	138.00	129.00	506	3,332
Mar	129.00	+3.85	131.00	127.00	77	885
Total					17,862	38,145

■ COFFEE (ICO) (US cents/pound)

Mar 18		Prev. day
Comp. daily	131.52	138.44
15 day average	137.97	137.36

■ WHITE SUGAR LIFFE ($/tonne)

May	306.3	−0.7	306.7	306.0	589	14,401
Aug	305.2	−0.5	305.3	304.8	115	4,704
Oct	301.7	−0.5	302.0	301.5	50	3,271
Dec	300.7	+0.2	301.0	300.8	28	942
Mar	301.3	−1.0	301.5	301.0	45	505
May	300.8	−0.8	−	−	−	159
Total					799	23,982

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	10.88	−0.04	10.93	10.84	5,365	65,993
Jul	10.61	−0.06	10.66	10.59	2,082	35,041
Oct	10.56	−0.04	10.58	10.53	1,006	25,422
Mar	10.57	−0.03	10.59	10.55	1,017	13,055
May	10.56	−0.03	10.59	10.57	360	2,599
Jul	10.57	−0.02	10.59	10.57	13	1,316
Total					9,832	143,805

■ COTTON NYCE (50,000lbs; cents/lbs)

May	74.20	−0.71	74.70	73.80	4,023	31,8
Jul	75.53	−0.62	75.95	75.10	1,177	16,2
Oct	76.20	−0.40	76.50	75.95	78	1,5
Dec	76.43	−0.37	76.70	76.88	670	20,9
Mar	77.25	−0.35	77.15	76.95	45	1,4
May	77.70	−0.40	77.35	77.35	33	4
Total					5,980	72,2

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	85.80	+1.95	86.00	82.30	1,019	14,6
Jul	87.20	+1.60	87.50	84.70	195	5,0
Sep	88.40	+0.85	88.50	86.80	51	3,5
Nov	90.40	+0.90	90.00	89.50	132	1,2
Jan	91.60	+0.95	91.00	90.50	45	6
Mar	93.25	+1.10	93.26	92.60	47	3
Total					1,444	25,7

CURRENCIES AND MONEY

Sterling firms on economic data

MARKETS REPORT

By Emiko Terazono

Robust economic data pointing to a strong economy strengthened sterling and prompted buybacks of the currency, which was severely battered on UK election jitters earlier in the week.

The pound rose by 0.9 pfennigs against the D-Mark to close in London at DM2.686 while closing at $1.597, up 0.8 cents, against the dollar.

The release of the February unemployment rate, which was the lowest since November 1990, highlighted a strong economy, raising expectations of a higher inflation and a post-election rate hike.

The pound's rebound started overnight on a report of the jobless figures leaked to a UK tabloid newspaper, while short term interest rates saw an upward leap on the average earnings figure for January, the highest growth since November 1992.

"The real question is exactly how strong the economy is and what the prospects are for the remainder of the year," said Mr Philip Shaw, chief economist at Union Discount. He added that the interest rate futures market would remain nervous ahead of the US Federal Reserve's Open Market Committee next week.

■ The peseta, which was hit by uncertainty over European monetary union earlier in the week, remained almost flat, closing at Pta84.88 against the D-Mark. However, pessimism over the peseta persisted and strategists said continued Emu jitters and weakness in the Italian lira could drag the Spanish currency lower.

Although Spain's fiscal position is far stronger than that of Italy, Spain could still be excluded from the first wave. "The Spanish peseta will be found guilty by association although it looks better than Italy on paper," said Mr David Brown, chief European economist at Bear Stearns.

■ Although the Swiss franc gained ground this week on concerns over Emu, just how far investors are willing to buy the currency remains uncertain. The weak fundamentals of the Swiss economy does not present an attractive alternative as a safe haven, according to currency strategists.

Swiss interest rates are the lowest in Europe due to the struggling economy, and the Swiss National Bank will be quick to lower interest rates further if there is a significant appreciation in the franc.

The consensus among Swiss based economists seems to be that the currency will not rise to levels seen in 1995 when nervousness over Emu pushed up the Swiss franc.

■ Selling by offshore investors including investment banks and hedge funds weighed on the Canadian dollar. The currency touched a one year low of C$ against the dollar in US trading. Comments made on Tuesday by Mr Gordon Thiessen, the governor of the Bank of Canada, suggesting that the central bank would not follow a possible move by the US Federal Reserve to raise interest rates, triggered a slide of the currency.

Canadian monetary policy has in the past followed that of the US, but Mr Thiessen told a Canadian Senate Banking Committee that the country's improved finances had given the central bank more maneuvering room to respond to a possible rise in US rates. "The market is is understandably giving the Canadian central bank a hard time," said Mr Stephen Poloz, managing editor of International Bank Credit Analysts in Montreal. He added that the Bank of Canada may be forced to increase rates if the Canadian dollar were to decline by more than 1 per cent.

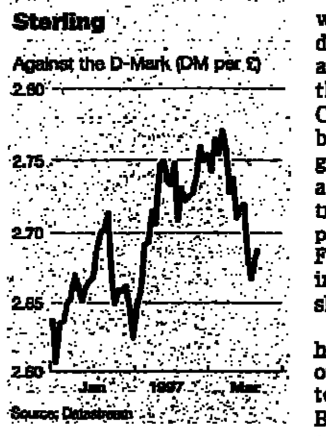
Although speculative selling could depress the Canadian dollar to the C$1.380 level in the short term, some economists said the central bank, supported by long term investors who are encouraged by Canada's economic fundamentals including low inflation and a controlled budget deficit, would not move to tighten monetary conditions immediately.

Mr David Coleman, chief economist at CIBC Wood Gundy in London, said that the central bank's first line of defence would be to intervene in the currency markets in the event of a plunge in the Canadian dollar.

■ Pound in New York

Mar 19	—Latest—	-- Prev. close --
£ spot	1.5980	1.5905
1 mth	1.5971	1.5897
3 mth	1.5953	1.5880
1 yr	1.5865	1.5815

Sterling



■ OTHER CURRENCIES

Mar 19		£	$
Czech	Rp	46.3258 - 46.3834	29.0080 - 29.0350
Hungary		280.817 - 280.984	175.840 - 175.890
Iran		4782.50 - 4791.00	3000.00 - 3000.00
Kuwait		0.4844 - 0.4848	0.3033 - 0.3035
Poland		4.9068 - 4.9131	3.0725 - 3.0755
Russia		9130.05 - 9134.51	5717.00 - 5718.00
U.A.E.		5.8648 - 5.8676	3.6724 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Mar 19		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.9019	+0.1333	928 - 110	18.9397	18.7313	18.8584	2.8	18.8019	2.1	-	-	104.0
Belgium	(BFr)	55.4022	+0.3918	536 - 508	55.4850	54.9160	55.2772	2.7	55.0172	2.8	53.6922	3.1	104.0
Denmark	(DKr)	10.2472	+0.0602	440 - 504	10.2688	10.1698	10.2252	2.8	10.1817	2.6	9.9717	2.7	108.4
Finland	(FM)	8.0708	+0.0204	656 - 760	8.0920	8.0270	-	-	-	-	-	-	83.4
France	(FFr)	9.0581	+0.0584	553 - 609	9.0749	8.9794	9.0359	2.9	8.9923	2.9	8.7752	3.1	107.0
Germany	(DM)	2.6858	+0.0191	846 - 870	2.6916	2.6617	2.6791	3.0	2.6656	3.0	2.5989	3.2	105.8
Greece	(Dr)	423.495	+2.545	029 - 961	424.599	419.957	-	-	-	-	-	-	66.5
Ireland	(I£)	1.0190	+0.0012	182 - 198	1.0200	1.0156	1.0187	0.4	1.0178	0.5	1.0112	0.8	102.6
Italy	(L)	2691.01	+9.89	035 - 168	2699.14	2679.88	2694.41	-1.5	2699.26	-1.2	2702.06	-0.4	75.8
Luxembourg	(LFr)	55.4022	+0.3918	536 - 508	55.4850	54.9160	55.2772	2.7	55.0172	2.8	53.6922	3.1	104.0
Netherlands	(Fl)	3.0251	+0.023	238 - 263	3.0302	2.9967	3.017	3.2	3.0012	3.2	2.9257	3.3	103.6
Norway	(NKr)	10.7986	-0.0354	949 - 023	10.8850	10.7851	10.7741	2.7	10.7256	2.7	10.5001	2.8	102.8
Portugal	(Es)	270.335	+1.81	212 - 457	272.424	268.199	270.475	-0.6	270.76	-0.6	-	-	94.8
Spain	(Pta)	228.008	+1.496	892 - 123	228.460	225.970	228.142	-0.7	228.008	0.0	226.533	0.6	78.1
Sweden	(SKr)	12.2515	-0.0012	436 - 594	12.3100	12.2013	12.2325	1.9	12.193	1.9	11.997	2.1	83.6
Switzerland	(SFr)	2.3082	+0.019	072 - 092	2.3123	2.2891	2.2984	4.6	2.2815	4.6	2.1973	4.8	103.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	86.3
Ecu	-	1.3868	+0.0077	863 - 873	1.3891	1.3770	1.3846	1.9	1.3799	2.0	1.3548	2.3	-
SDR†	-	1.15234	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5970	+0.0083	967 - 972	1.6004	1.5895	-	-	-	-	-	-	-
Brazil	(R$)	1.6941	+0.0086	936 - 945	1.6972	1.6876	-	-	-	-	-	-	-
Canada	(C$)	2.1992	+0.0179	984 - 999	2.2014	2.1849	2.1933	3.2	2.1826	3.0	2.138	2.8	85.0
Mexico	(New Peso)	12.6479	+0.0177	419 - 538	12.6903	12.6186	-	-	-	-	-	-	-
USA	($)	1.5973	+0.0083	970 - 975	1.6007	1.5898	1.5965	0.6	1.5948	0.6	1.5885	0.6	104.1
Pacific/Middle East/Africa													
Australia	(A$)	2.0333	+0.0127	323 - 343	2.0344	2.0158	2.0332	0.1	2.0324	0.2	2.0263	0.2	98.3
Hong Kong	(HK$)	12.3735	+0.0627	707 - 762	12.3990	12.3170	12.3689	0.5	12.3579	0.5	12.3178	0.5	-
India	(Rs)	57.3014	+0.3119	525 - 503	57.3880	57.0740	-	-	-	-	-	-	-
Israel	(Shk)	5.3682	+0.0261	626 - 738	5.3759	5.3440	-	-	-	-	-	-	-
Japan	(Y)	196.063	+1.236	952 - 173	196.890	194.810	195.093	5.9	193.233	5.8	184.623	5.8	123.1
Malaysia	(M$)	3.9492	+0.0212	478 - 506	3.9569	3.9292	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3147	+0.0229	132 - 162	2.3162	2.2904	2.3176	-1.5	2.3227	-1.4	2.343	-1.2	114.6
Philippines	(Peso)	42.0636	+0.2156	171 - 101	42.1140	41.9071	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9904	+0.031	892 - 916	6.0033	5.9649	-	-	-	-	-	-	-
Singapore	(S$)	2.3001	+0.0148	989 - 012	2.3044	2.2877	-	-	-	-	-	-	-
South Africa	(R)	7.0710	+0.0595	675 - 745	7.0847	7.0245	-	-	-	-	-	-	-
South Korea	(Won)	1413.57	+10.48	015 - 698	1417.42	1405.38	-	-	-	-	-	-	-
Taiwan	(T$)	43.9723	+0.243	335 - 111	44.0353	43.6337	-	-	-	-	-	-	-
Thailand	(Bt)	41.4199	+0.233	054 - 344	41.5140	41.2280	-	-	-	-	-	-	-

† Rates for Mar 18. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 19		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.8341	+0.0225	302 - 379	11.8560	11.7770	11.8194	1.5	11.7741	2.0	11.5731	2.2	103.9
Belgium	(BFr)	34.6860	+0.0665	610 - 110	34.7500	34.4780	34.626	2.1	34.4985	2.2	33.9585	2.1	104.2
Denmark	(DKr)	6.4155	+0.0046	145 - 165	6.4312	6.3945	6.4066	1.7	6.3882	1.7	6.3065	1.7	106.0
Finland	(FM)	5.0530	-0.0133	505 - 554	5.0800	5.0318	5.0442	2.1	5.0256	2.2	4.943	2.2	82.7
France	(FFr)	5.6711	+0.0073	702 - 719	5.6835	5.6520	5.6604	2.3	5.6394	2.2	5.5311	2.5	106.7
Germany	(DM)	1.6815	+0.0033	810 - 820	1.6848	1.6739	1.6783	2.3	1.6718	2.3	1.6381	2.6	105.7
Greece	(Dr)	265.140	+0.225	880 - 390	268.440	263.530	266.695	-7.0	269.265	-6.2	280.29	-5.7	66.4
Ireland	(I£)	1.5675	+0.0062	665 - 685	1.5710	1.5622	1.567	0.3	1.5665	0.3	1.5678	0.0	-
Italy	(L)	1684.78	-2.52	463 - 493	1690.14	1683.89	1687.78	-2.1	1692.63	-1.9	1702.43	-1.0	75.2
Luxembourg	(LFr)	34.6860	+0.0665	610 - 110	34.7500	34.4780	34.626	2.1	34.4985	2.2	33.9585	2.1	104.2
Netherlands	(Fl)	1.8939	+0.0046	934 - 944	1.8980	1.8848	1.8901	2.4	1.8821	2.5	1.8465	2.5	103.6
Norway	(NKr)	6.7608	-0.0573	595 - 620	6.8365	6.7578	6.757	0.7	6.7514	0.6	6.7258	0.5	101.0
Portugal	(Es)	169.250	+0.26	200 - 300	170.670	168.500	169.38	-0.9	169.53	-0.7	169.265	0.0	95.5
Spain	(Pta)	142.750	+0.2	700 - 800	143.000	142.200	142.84	-0.8	142.96	-0.6	142.755	0.0	78.0
Sweden	(SKr)	7.6704	-0.0406	666 - 741	7.7116	7.6620	7.6676	0.4	7.6578	0.7	7.6104	0.8	82.9
Switzerland	(SFr)	1.4451	+0.0044	447 - 455	1.4475	1.4390	1.4404	3.9	1.4309	3.9	1.3854	4.1	103.9
UK	(£)	1.5973	+0.0083	970 - 975	1.6007	1.5898	1.5965	0.6	1.5948	0.6	1.5885	0.6	35.5
Ecu	-	1.1518	-0.0005	515 - 520	1.1545	1.1495	1.1529	-1.2	1.1555	-1.3	1.1707	-1.6	-
SDR†	-	0.725884	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-	998 - 998	0.9998	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0606	-0.0001	605 - 607	1.0614	1.0595	-	-	-	-	-	-	-
Canada	(C$)	1.3769	+0.0041	766 - 771	1.3776	1.3730	1.374	2.5	1.3688	2.4	1.3474	2.1	85.0
Mexico	(New Peso)	7.9185	-0.03	160 - 210	7.9210	7.9160	8.0365	-17.9	8.303	-19.4	9.1635	-15.7	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.6
Pacific/Middle East/Africa													
Australia	(A$)	1.2730	+0.0014	726 - 734	1.2740	1.2680	1.2737	-0.7	1.2745	-0.5	1.2798	-0.5	100.2
Hong Kong	(HK$)	7.7467	-0.0008	462 - 472	7.7485	7.7433	7.7466	0.0	7.7471	0.0	7.7582	-0.1	-
India	(Rs)	35.8750	+0.01	500 - 000	35.9000	35.8450	36.09	-7.2	36.55	-7.5	-	-	-
Israel	(Shk)	3.3609	-0.001	579 - 639	3.3670	3.3573	-	-	-	-	-	-	-
Japan	(Y)	122.750	+0.14	700 - 800	123.260	122.470	122.215	5.2	121.19	5.1	116.39	5.2	124.2
Malaysia	(M$)	2.4725	+0.0005	720 - 730	2.4743	2.4710	2.4754	-1.4	2.4808	-1.3	2.502	-1.2	-
New Zealand	(NZ$)	1.4492	+0.0069	484 - 499	1.4500	1.4407	1.4515	-1.9	1.4558	-1.8	1.4765	-1.9	-
Philippines	(Peso)	26.3350	-0.001	100 - 600	26.3600	26.3100	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	+0.0001	503 - 506	3.7506	3.7502	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4400	+0.0017	395 - 405	1.4405	1.4368	1.4378	1.8	1.4332	1.9	1.412	1.9	-
South Africa	(R)	4.4270	+0.0145	255 - 285	4.4390	4.4175	4.4677	-11.0	4.5427	-10.5	4.8575	-9.7	-
South Korea	(Won)	885.000	+2	000 - 000	887.800	882.900	-	-	-	-	-	-	-
Taiwan	(T$)	27.5300	+0.01	100 - 500	27.5580	27.3600	27.5301	0.0	27.5303	0.0	-	-	-
Thailand	(Bt)	25.9320	+0.012	270 - 370	25.9450	25.9220	26.022	-4.2	26.1895	-4.0	26.827	-3.5	-

† SDR rate per $ for Mar 18. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 18: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

March 19	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.25	6.75	7.45
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.50	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.18	5.25	5.35	5.61	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 19	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.52	96.52	+0.02	96.53	96.50	17,650	74,290
Sep	96.40	96.40	+0.02	96.42	96.38	7,653	43,563
Dec	96.29	96.29	+0.01	96.31	96.27	2,316	28,882

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.68	96.68	+0.01	96.70	96.66	22164	216301
Sep	96.57	96.57	+0.01	96.60	96.55	25702	187965
Dec	96.37	96.38	+0.02	96.41	96.35	32075	186470
Mar	96.18	96.18	+0.02	96.21	96.15	22998	141471

■ ONE MONTH EUROMARK FUTURES (LIFFE) DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.75	96.76	+0.03	96.75	96.75	251	5033
May	-	96.75	+0.02	-	-	0	4197
Jun	-	96.75	+0.02	-	-	0	535
Jul	-	96.74	+0.02	-	-	0	0

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.74	92.77	+0.05	92.80	92.71	29538	118974
Sep	92.96	93.02	+0.11	93.05	92.90	33119	53796
Dec	93.05	93.09	+0.09	93.14	92.98	11551	35334
Mar	93.07	93.08	+0.08	93.12	92.99	2564	23311

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.16	98.12	-0.04	98.17	98.08	7473	43263
Sep	98.13	98.08	-0.05	98.14	98.06	3077	20366
Dec	98.02	97.96	-0.06	98.02	97.95	1291	14517
Mar	97.88	97.82	-0.06	97.86	97.82	626	6487

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.33	99.34	-0.03	99.34	99.33	177	n/a
Sep	-	99.20	-0.05	-	-	0	n/a
Dec	99.05	99.05	-0.06	99.05	99.05	100	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.67	95.66	+0.02	95.67	95.65	1560	10456
Sep	95.62	95.60	+0.02	95.62	95.59	353	5277
Dec	95.50	95.49	-	95.51	95.47	159	4848
Mar	95.38	95.35	-0.01	95.38	95.34	44	3630

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9275	0.32	0.64	0.78	0.30	0.37	0.44
9300	0.19	0.47	0.63	0.42	0.45	0.54
9325	0.12	0.33	0.50	0.60	0.56	0.66

Est. vol. total, Calls 10487 Puts 2185. Previous day's open int., Calls 122016 Puts 52748

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 19		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.50	16.35	4.848	1.839	4857	5.460	19.49	487.9	411.6	22.11	4.166	1.805	3.969	2.883	354.0	2.504
Denmark	(DKr)	54.05	10	8.837	2.620	0.994	2625	2.951	10.54	263.7	222.4	11.95	2.252	0.976	2.145	1.558	191.3	1.353
France	(FFr)	61.16	11.32	10	2.965	1.125	2971	3.340	11.92	298.4	251.7	13.52	2.548	1.104	2.428	1.763	216.5	1.531
Germany	(DM)	20.63	3.816	3.372	1	0.379	1002	1.126	4.021	100.6	84.88	4.561	0.859	0.372	0.819	0.595	73.01	0.516
Ireland	(I£)	54.37	10.06	8.889	2.636	1	2641	2.969	10.60	265.3	223.7	12.02	2.265	0.981	2.158	1.567	192.4	1.361
Italy	(L)	2.059	0.381	0.337	0.100	0.038	100.	0.112	0.401	10.04	8.473	0.455	0.086	0.037	0.082	0.059	7.287	0.052
Netherlands	(Fl)	18.31	3.388	2.994	0.888	0.337	889.6	1	3.570	89.36	75.37	4.050	0.763	0.331	0.727	0.528	64.83	0.459
Norway	(NKr)	51.30	9.491	8.387	2.487	0.944	2492	2.801	10	250.3	211.1	11.34	2.137	0.926	2.036	1.479	181.6	1.284
Portugal	(Es)	20.50	3.792	3.351	0.994	0.377	995.6	1.119	3.996	100.	84.35	4.532	0.854	0.370	0.814	0.591	72.55	0.513
Spain	(Pta)	24.30	4.496	3.973	1.178	0.447	1180	1.327	4.737	118.6	100.	5.373	1.012	0.439	0.964	0.700	86.01	0.608
Sweden	(SKr)	45.22	8.367	7.394	2.193	0.832	2197	2.469	8.816	220.7	186.1	10	1.884	0.816	1.795	1.304	160.1	1.132
Switzerland	(SFr)	24.00	4.441	3.925	1.164	0.442	1166	1.311	4.679	117.1	98.79	5.308	1	0.433	0.953	0.692	84.97	0.601
UK	(£)	55.40	10.25	9.058	2.686	1.019	2691	3.025	10.80	270.3	228.0	12.25	2.308	1	2.199	1.597	196.1	1.387
Canada	(C$)	25.19	4.661	4.119	1.221	0.463	1224	1.376	4.911	122.9	103.7	5.571	1.050	0.455	1	0.726	89.18	0.631
US	($)	34.69	6.418	5.672	1.682	0.638	1685	1.894	6.763	169.3	142.8	7.671	1.445	0.626	1.377	1	122.8	0.869
Japan	(Y)	28.25	5.227	4.619	1.370	0.520	1372	1.543	5.507	137.8	116.3	6.247	1.177	0.510	1.121	0.814	100.	0.707
Ecu		39.94	7.390	6.531	1.937	0.735	1940	2.181	7.787	194.9	164.4	8.832	1.664	0.721	1.585	1.151	141.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6014	0.5970	-0.0041	0.6015	0.5968	51,982	62,438
Sep	0.6026	0.6023	-0.0026	0.6026	0.6020	172	2,448
Dec	-	0.6069	-	-	-	10	135

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7014	0.6966	-0.0048	0.7007	0.6966	25,655	38,725
Sep	0.7042	0.7042	-0.0042	0.7074	0.7036	164	2,056
Dec	-	0.7118	-0.0036	-	0.7118	10	252

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8273	0.8234	-0.0033	0.8275	0.8211	27,299	60,945
Sep	0.8352	0.8345	-0.0033	0.8352	0.8339	74	763
Dec	-	0.8493	-	-	-	118	263

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5886	1.5950	+0.0082	1.5984	1.5874	8,503	38,945
Sep	1.5950	1.5950	+0.0102	1.5960	1.5930	1,007	672
Dec	-	1.5920	+0.0092	1.5940	-	10	13

UK INTEREST RATES

LONDON MONEY RATES

Mar 19	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5¾	6 1/16 - 5 15/16	6⅛ - 6 1/16	6¼ - 6⅛	6½ - 6⅜	6⅞ - 6¾
Sterling CDs	-	-	6 1/16 - 5 31/32	6 5/32 - 6 3/32	6⅜ - 6 5/16	6 11/16 - 6 5/8
Treasury Bills	-	-	5 15/16 - 5⅞	6 - 5 15/16	-	-
Bank Bills	-	-	5 15/16 - 5⅞	6 - 5 15/16	6¼ - 6⅛	-
Local authority deps.	5 15/16 - 5½	5 15/16 - 5 13/16	6 1/16 - 5 15/16	6⅛ - 6 1/16	6 11/16 - 6½	6 15/16 - 6 13/16
Discount Market deps	6 1/16 - 5⅞	6 - 5⅞	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Mar 14, 5.8452pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 28, 1997. Agreed rate for period Mar 26, 1997 to Apr 21, 1997, Scheme III 7.53pc. Reference rate for period Feb 1, 1997 to Feb 28, 1997, Schemes IV & V 6.266pc. Finance House Base Rate 6½pc from Mar 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.74	93.69	-0.05	93.75	93.69	11882	75616
Jun	93.52	93.33	-0.17	93.52	93.31	81858	127169
Sep	93.29	93.08	-0.21	93.30	93.05	64123	85016
Dec	93.06	92.84	-0.22	93.09	92.83	48722	67222
Mar	92.91	92.68	-0.22	92.92	92.67	14233	45596

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9350	0.19	0.08	0.06	0	0.23	0.50
9375	0	0.02	0.02	0.06	0.44	0.71
9400	0	0.01	0.01	0.31	0.68	0.95

Est. vol. total, Calls 9908 Puts 18915. Previous day's open int., Calls 228813 Puts 195302

EMS EUROPEAN CURRENCY UNIT RATES

Mar 19	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.737548	-0.002923	-7.66	10.95	52
Portugal	197.398	195.874	+0.084	-0.77	3.25	5
Finland	5.85424	5.85136	-0.01372	-0.05	2.51	0
Spain	163.826	165.154	-0.038	0.81	1.63	-6
Netherlands	2.16979	2.19145	+0.00255	1.00	1.44	-7
Germany	1.92573	1.94602	+0.002	1.05	1.39	-10
Austria	13.5485	13.6956	+0.0131	1.09	1.36	-8
Belgium	39.7191	40.1551	+0.0405	1.10	1.34	-8
Denmark	7.34555	7.42641	+0.00182	1.13	1.31	-8
France	6.45863	6.56904	+0.00778	1.71	0.74	-14
Italy	1906.48	1953.33	-3.12	2.46	0.00	-18
NON ERM MEMBERS						
Greece	295.269	306.845	-0.013	3.95	-1.44	-
UK	0.793103	0.723975	-0.003617	-8.72	12.24	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.590	1.32	2.16	-	1.36	2.35	2.38
1.600	0.91	1.72	2.25	2.05	2.87	2.89
1.610	0.59	1.38	-	2.69	3.49	-

Previous day's vol., Calls 458 Puts 46 . Prev. day's open int., Calls 26,969 Puts 32,649

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
0.590	1.04	1.44	1.67	0.28	0.49	0.64
0.595	0.74	1.13	1.38	0.42	0.69	0.84
0.600	0.49	0.86	1.11	0.66	0.93	1.08

Previous day's vol., Calls 2,015 Puts 1,631 . Prev. day's open int., Calls 25,181 Puts 39,168

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.14	94.14	-	94.17	94.13	106,158	489,671
Sep	93.90	93.90	-	93.93	93.88	109,371	356,004
Dec	93.67	93.67	-	93.72	93.65	68,756	252,094

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.85	94.82	-0.01	94.85	94.82	159	2,209
Jun	94.70	94.70	-0.01	94.73	94.69	127	5,002
Sep	-	94.45	-0.01	-	94.45	48	2,342

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	May	Jun	Sep	PUTS Apr	May	Jun	Sep
9650	0.18	0.19	0.21	0.17	0	0.01	0.03	0.10
9675	0.01	0.02	0.04	0.05	0.08	0.09	0.11	0.23
9700	0	0	0.01	0.01	0.32	0.32	0.33	0.44

Est. vol. total, Calls 8528 Puts 2408. Previous day's open int., Calls 425629 Puts 229247

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9825	0.06	0.13	0.14	0.19	0.30	0.43
9850	0.01	0.05	0.06	0.39	0.47	0.60

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1050 Puts 1365

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	● Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00	* In administration	
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

INTERNATIONAL CAPITAL MARKETS

Gilt futures slide on upbeat UK data

GOVERNMENT BONDS

By Richard Adams in London and Lisa Branston in New York

The UK gilt yield curve jerked sharply higher yesterday, in reaction to economic data suggesting a frothy economy. After outperforming their European counterparts for several sessions, gilts moved nervously lower as increased speculation over domestic and US interest rate rises especially hit the short end of the curve.

UK gilt futures traded on the London International Financial Futures Exchange dropped heavily on the news of lower unemployment and higher-than-expected increases in average earnings in the morning, coupled with afternoon nervousness over the US inflation data. The June contract lost $\frac{5}{8}$ to settle at 109$\frac{1}{8}$.

In the cash market, the 10-year benchmark fell ¾, with the yield rising 13 basis points to 7.60 per cent. Against 10-year German bunds, the yield spread of gilts widened 10 basis points, to 184.

According to MMS International data, the short end of the UK yield curve collapsed, with three-month yields rising 7 basis points, while one-year yields rose 18 points and two-year yields were up 20 points.

"We've had a tough time, and it's the short end that's taken a bath," said Mr Kevin Adams, gilts strategist at BZW in London. "I think it's more significant that we didn't see a huge amount of selling, and there was some buying at the long end of the market."

Mr Adams said that investors were starting to consider when an incoming Labour government might raise interest rates. The first serious possibility was on Monday May 5, but he thought a Labour chancellor would want more time to discuss matters with the Treasury and the Bank of England.

Italian BTPs took a rest yesterday after several consecutive negative sessions. BTPs were firmer, owing to a slightly stronger lira. On Liffe BTP futures closed at 124.87, a rise of 0.70. Cash 10-year BTPs were up 0.84, to 100.49, with benchmark yields falling 13 basis points to 7.67 per cent. Their spread against bunds dropped 14 points to 189.

Spanish bono prices followed BTPs upwards, with the 10-year cash market up 0.46, and yields falling 2 basis points to 7.21 per cent.

German bund prices were unsettled, losing ground on Italy and Spain. Traders blamed uncertain domestic investors. Bund futures fell slightly, while benchmark 10-year bund yields rose 4 basis points.

US Treasury prices slipped for a third consecutive session, after the Commerce department said the consumer price index had risen 0.3 per cent in February, slightly stronger than the 0.2 per cent increase economists had expected.

The gains contributed to the growing consensus that the Federal Reserve might raise interest rates at Tuesday's meeting of its Open Market Committee.

By late morning in New York the benchmark 30-year Treasury was off ¼ at 95$\frac{19}{32}$ to yield 6.967 and the two-year note was off $\frac{1}{32}$ at 99¾, yielding 6.201 per cent. The June 30-year bond future added $\frac{1}{32}$ to 108$\frac{19}{32}$.

Economists said the CPI figures might help justify a tightening of monetary policy. "Like a bully looking to pick a fight, the Fed may have found an excuse to tighten in the slightly above expected 0.3 per cent increase in the February consumer price index," said Mr Joseph Liro of CIBC Wood Gundy in New York.

Traders will today watch Mr Alan Greenspan, Fed chairman, for guidance about interest rates. He is to testify on the state of the economy to a Congress Joint Economic Committee.

● Salomon Brothers' world government bond index yesterday illustrated the slide that has taken place in the major market over the past week. In US dollar terms, the biggest losers have been Sweden, with a fall of 3.30 per cent, and UK gilts, down 2.02 per cent. US Treasuries fell 0.51 in their own currency. In D-Mark terms, the world index dropped by 1.93 per cent on the week.

CAPITAL MARKETS NEWS DIGEST

AIG, CBOT plan Bermuda exchange

American International Group, the New York-based insurer, and the Chicago Board of Trade are working together to form a new exchange in Bermuda that will trade insurance-related products. Bermuda rivals London as a reinsurance centre. The new exchange will attempt to securitise the catastrophe insurance sector, offering a standardised cash market to lay off insurance risks.

In addition to AIG, initial members of the exchange include Chase Manhattan, the US bank holding company, and Guy Carpenter and Company, a leading reinsurance intermediary. The CBOT last month signed a letter of intent to provide marketing services to the new exchange and to offer CBOT members trading privileges.

The new market, which will be owned by its members, expects to make a public seat offering in April. Its initial products resemble standardised reinsurance contracts for wind-related catastrophes in seven regions of the US, and are designed as much for investment purposes, to be used by international fund managers, as for risk management by insurers.

The new exchange is separate from a venture announced last fall between the New Jersey-based Catastrophe Risk Exchange (CATEX) and the Bermuda Stock Exchange. *Laurie Morse, Chicago*

Bank halts bi-monthly repo

The Bank of England is to suspend its regular bi-monthly securities repurchase operation, after the introduction of the daily gilt repo operation. The Bank had foreshadowed the eventual phasing out of the fortnightly offering when it announced the introduction of the daily operation on March 3.

Yesterday the Bank offered money market repos maturing from April 10-14, and April 24-28 at 6.0 per cent. Only £50m of the shorter-dated repo was taken up, commencing today. The Bank said it would not offer a rollover of the repo facility after this round, but it would hold the bi-monthly facility in abeyance for future use, if necessary. *Richard Adams*

Emerging market funds shine

Hedge funds specialising in emerging markets have outperformed all other investment vehicles so far this year, according to Van Hedge Fund Advisors. "This exceptional performance is due largely to selective investments in the burgeoning markets of Russia, Hungary, Brazil and Poland," it said.

The stock markets in these countries have risen 60.1 per cent, 32.1 per cent, 26.5 per cent and 22.3 per cent respectively in the year to date. Van said US-based hedge funds investing in emerging markets offered an average return of 11.7 per cent in the first two months of the year, followed by 10.0 per cent for their offshore counterparts. This compares with 3.1 per cent for the average US hedge fund and 5.5 per cent for the average offshore fund. *Samer Iskandar*

Dollar issues to fore as higher yield sought

INTERNATIONAL BONDS

By Edward Luce and Samer Iskandar

A flood of dollar offerings dominated trading yesterday as retail investors looked for higher yield and an appreciating currency. Traders said there was a strong trend to base retail issues on shorter-dated dollar bonds in advance of next week's Federal Reserve meeting.

"There is a much stronger yield pick-up in dollars compared with European currencies," said one syndicate head. "The Treasury market has sold off in the last couple of weeks which helps us quite a lot."

Caisse Centrale Desjardins du Quebec, the Canadian finance house, issued US$250m of four-year bonds at 32 basis points above Treasuries. Officials at Merrill Lynch, co-lead manager with Paribas, said Swiss and Benelux retail investors were keen to exploit the wider spreads.

"Psychologically, dollar bonds have improved for the European retail investor," said one official. "Two weeks ago deals like this went from minus-4 basis points to 24 basis points over Treasuries."

DSL Bank also chose dollars yesterday with a three-year $250m issue targeted at retail investors. Priced flat to US Treasuries, the bonds widened slightly in afternoon trading. But an official at Banque Nationale De Paris, co-lead manager with Credit Suisse First Boston, said the high rate of dollar redemptions this year – more than $10bn in the past four months – would ensure strong interest. "In the past few days we have seen strong dollar buying by German institutions as well as Luxembourg-based retail investors," said a banker in London.

Den Danske Bank, Denmark's largest, opted for a floating rate subordinated issue yesterday to exploit nervousness over fixed-rate investments before March 25. The 12-year $300m issue will be stepped up 150 basis points after nine years if the debt has not been called. Priced to yield 37.5 basis points over Treasuries, the subordinated paper widened to about 45 basis points, said officials at Deutsche Morgan Grenfell, sole lead manager.

"It's inevitable that it will widen a bit in a market like this," said a syndicate manager. "But subordinated debt has two advantages: there's a wider margin for the investor and it satisfies banks' demand for tier-two capital."

Bayerische Hypotheken tapped the French franc market with an unusual structure. The FFr1bn of two-year notes pay a floating coupon equal to Pibor – the Paris interbank interest rate – in the first year, and a fixed coupon of 4 per cent in the second. "Four per cent is quite attractive if you are not worried about interest rates rising suddenly," said a syndicate official in Paris. Three-month Pibor rates are now about 3.25 per cent.

Crédit Commercial de France, lead manager, said demand for the issue came from investors seeking to shorten their portfolios' maturity after the recent interest rate volatility.

"There has been a surge in demand for all products that reduce Emu-linked uncertainty," said a CCF official.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
MMCCT, 97-C, Cls A(a)*‡	637.5	(a1)	(a1)R	Mar 2004	-	-	Merrill Lynch
Den Danske Bank(b)‡	300	(b)	99.788R	Apr 2009	0.50R	-	Deutsche Morgan Grenfell
CCDQ	250	6.75	99.872R	Apr 2001	0.25R	+32(5¾%Feb00)	Merrill/Paribas
DSL Bank	250	6.375	99.79R	Apr 2000	0.1875R	flat(5⅝%-00)	BNP/CSFB
KfW Intl Finance(c)	150	7.00	100.15R	Apr 2002	0.25R	+30(6¼%Feb02)	Morgan Stanley & Co Intl
FRENCH FRANCS							
Bayerische Hypo‡	1bn	(d)	100.00	Apr 1999	0.15	-	CCF
SWISS FRANCS							
Abbey Natl Trsy Services‡	100	(e)	100.26	Apr 2001	undisc	-	UBS
GUILDERS							
Rabobank Nederland	500	6.00	99.33R	Apr 2009	0.40R	+17½(I)	Rabobank International
ESCUDOS							
Goldman Sachs Group‡	10bn	(f)	100.00	Apr 2007	0.25	-	Banco Cisf/Banco Finantia
AUSTRALIAN DOLLARS							
New Sth Wales Trsy Corp(s)	100	7.75	101.635	Dec 2002	1.875	-	Toronto Dominion Bank
DANISH KRONER							
SNCF(s)	400	6.375	102.00	Dec 2004	2.00	-	Bank Brussels Lambert
RAND							
Bank Austria	500	zero	26.40R	Apr 2007	0.13R	-	West Merchant Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) MBNA Master Credit Card Trust. Legal maturity: 15/8/06. a1) Priced later: 1-mth Libor +11-12bp. a2) Class B: $56.25m, 17/3/04 expected, 1-mth Libor +30bp area. b) Callable from Apr 06 at par. b1) 3-mth Libor +37½bp to Apr 06, then +187½bp. c) Callable on 23/4/99 at par. d) 3-mth Pibor flat to Apr 98, then 4%. e) 4-mth Libor -15bp. f) 6-mth Lisbor +20bp. I) Over interpolated yield. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia	6.750	11/06	91.7627	–0.130	7.98	7.83	7.31
Austria	5.625	01/07	98.0800	–0.180	5.88	5.64	5.64
Belgium	6.250	03/07	101.4200	–0.060	6.06	5.78	5.59
Canada *	7.000	12/06	102.7200	–0.110	6.62	6.45	6.34
Denmark	8.000	03/06	106.0000	–0.440	6.79	6.33	6.32
[illegible]							

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Apr	May	Jun	Sep	PUTS Apr	May	Jun	Sep
9950	0.48	1.01	1.26	1.32	0.03	0.56	0.81	1.72
10000	0.13	0.72	0.97	1.09	0.18	0.77	1.02	1.98
10050	0.02	0.48	0.72	0.89	0.57	1.03	1.27	2.29

Est. vol. total, Calls 20727 Puts 35001. Previous day's open int., Calls 225538 Puts 239573

FTSE Actuaries Govt. Securities

Price Indices UK Gilts	Wed Mar 19	Day's change %	Tue Mar 18	Accrued interest	xd adj. ytd
1 Up to 5 years (19)	119.48	–0.39	120.49	1.71	3.40
2 5-15 years (21)	149.13	–0.79	150.32	2.89	2.12
3 Over 15 years (6)	168.60	–0.97	170.25	3.90	3.16
4 Irredeemables (5)	194.40	–0.60	196.71	3.21	2.13
5 All stocks (51)	143.26	–0.69	144.43	2.83	2.87

UK Indices

	Low coupon yield Mar 19	Mar 18	Yr. ago	Medium coupon yield Mar 19	Mar 18	Yr. ago	High coupon yield Mar 19	Mar 18	Yr. ago
5 yrs	7.30	7.13	7.49	7.35	7.19	7.64	7.40	7.28	7.63
15 yrs	7.78	7.62	8.25	7.71	7.61	8.26	7.59	7.53	8.38
20 yrs	7.79	7.62	8.33	7.74	7.64	8.33	7.59	7.54	8.43
Irred.†	7.81	7.77	8.38						

Index-linked [illegible]

FT Fixed Interest Indices

[illegible]

Gilt Edged Activity Indices

[illegible]

US INTEREST RATES

[illegible]

BOND FUTURES AND OPTIONS

France [illegible]

Germany [illegible]

Italy [illegible]

Spain [illegible]

UK [illegible]

Ecu [illegible]

US [illegible]

Japan [illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

Eni plans gas terminals in Mediterranean

By Robert Corzine in Ravenna

Eni, the Italian oil and gas group, yesterday unveiled a plan to build giant floating liquefied natural gas terminals in the Mediterranean in a move that could bolster the LNG trade in the region.

Mr Guglielmo Moscato, ENI chairman, said the development of such vessels could overcome growing environmental opposition to new shore-based LNG terminals. They would also form part of what he hopes would be a more integrated approach to gas trading in the Mediterranean.

That would "make the gas market more flexible, articulated and equipped with a spot component, along the lines of the oil markets".

The Eni project, which has been under study since 1992, would adapt technology that has been developed for the floating oil production systems that are becoming increasingly common. Mr Moscato said LNG carriers of any size could unload into the floating terminal, which could store the gas in liquid form as well as regasify it and send it ashore via a pipeline.

Mr Moscato said the vessels would most likely be anchored close to existing pipelines for depleted gas fields, which could serve as longer term storage sites. The vessels could be moved to alternative locations as demand for natural gas develops.

Eni has estimated the capital cost for such a vessel at L707bn ($419m), with annual operating costs of L27bn. A number of engineering and shipbuilding companies have expressed interest in taking part in the project, according to Mr Moscato.

In recent years Italian environmental groups have campaigned successfully against the construction of two LNG reception terminals at Moncalto di Castro and Monfalcone. Opposition to such facilities is also evident in other Mediterranean countries.

Speaking at the Offshore Mediterranean Conference in Ravenna, Mr Moscato said LNG needed to be integrated into the existing, mainly pipeline-based gas export systems in the Mediterranean.

He also called for a greater level of interconnection between various pipelines and terminals in order for the regional gas market to grow to a size that reflected the large reserves available along the southern rim of the Mediterranean.

He said the main markets for the large gas reserves found off Egypt was most likely to be in the east, among Israel, Jordon, Lebanon and Turkey. But Eni and the Egyptian government are also considering a link to Libya, from which the Italian company is already planning to build a big export pipeline to Italy.

US attempts to restrict international investments in Libya's oil and gas sector came under attack from a number of speakers at the conference. Mr Moscato said Libya needed to be fully integrated into the Mediterranean Partnership linking the countries in the region.

Start up of Alumbrera 'still on time'

By Kenneth Gooding in Alumbrera, Argentina

Alumbrera, the copper and gold mining project in Argentina which is the world's biggest, is still expected to start up on time despite freak weather conditions that have delayed some key parts of the project.

The Catamarca province, in the north-west of the country, where the US$1bn project is located in the foothills of the Andes, has suffered its second heaviest rainfall since records began 113 years ago.

But Mr Peter Freund, president of Minera Alumbrera, insists that although the deluge has made construction very difficult, the processing plant will start up in August and first shipments will take place in October at the latest.

This is good news for the joint venture partners, particularly MIM, the Australian group that owns 50 per cent. North, another Australian company, and Rio Algom, of Canada, each have 25 per cent.

Alumbrera will not only produce 190,000 tonnes of copper but will also be the biggest gold producer in South America with an output of 730,000 troy ounces a year. As well as being among the lowest-cost copper producers, it will also generate between $600m and $800m in annual revenue.

Contracts worth at least $4bn have already been signed for 100 per cent of output with smelters and traders across the world. Contracts last between three and eight years.

A few copper and gold mines that have been expanded over the years are bigger than Alumbrera but this is the biggest project of its kind from the outset. Alumbrera takes in five substantial and separate construction projects. Apart from the mine and associated equipment, there is a $40m processing plant and rail loading facility near Tucumán; a port facility near Rosario, on the river Paraná; a 190 km, $42m powerline; and a 240km, $30m pipeline to carry slurry from the mine to the processing plant.

Mr Freund said that 83 per cent of the construction work is completed but the rain badly affected work on the pipeline. There is still 25 km to be completed in the most difficult area, about 160 km from the mine.

Alumbrera will earn back its capital cost in four to five years, said Mr Freund. The project is also the first to test Argentina's new mining laws, particularly incentives that promise early repayment of value-added tax on imported equipment used by companies that will export all their production.

Mr Freund said Alumbrera was owed about $120m and has had nine accountants working full-time to fill out the right forms in the right way.

The company received $8m this week and is promised a further $30m in a few days' time.

Meanwhile, complexities of Argentina's legal system have caused a slip in the timing of a $600m project loan for Alumbrera, due to be completed at the end of February.

The mine will provide about 650 direct jobs in one of the least developed Argentinian provinces. The Catamarca province's tax income will double. At present, the mine has an expected life of 20 years, during which time it is scheduled to produce 3.3m tonnes of copper and 12m ounces of gold.

Opec warns on oil prices

MARKETS REPORT

By Robert Corzine in Ravenna and Susanna Voyle and Philip Coggan in London

Mr Rilwanu Lukman, Opec secretary-general, yesterday said the current uncertainty over oil prices was "worrying" members of the exporters' group.

Mr Lukman was speaking as oil prices in London consolidated gains made on Tuesday, buoyed by bullish US stock data.

Mr Lukman acknowledged that members of the Organisation of Petroleum Exporting Countries "had a good run last year" when oil prices reached six-year highs. But he said there was "just a little too much oil in the market" at the moment.

Mr Lukman said a decision to delay a recently scheduled meeting of the Opec monitoring committee that is charged with overseeing the group's output did not reflect any dissent within the organisation over how to deal with over-production by some member states.

He said the delay was caused by scheduling problems among the ministers on the committee. They would meet in April or May, before the group's next meeting in Vienna in June.

In contrast with recent bullish statements from some Opec members, Libya's Opec governor yesterday said the group's policy continued to be based on the establishment of "stable and reasonable prices".

Oil prices on London's International Petroleum Exchange yesterday bucked a trend towards weaker prices on the New York Mercantile Exchange. Brent Blend for May delivery – the international benchmark for crude oil – was trading at $20.45 a barrel yesterday evening.

Earlier in the day it had reached a high of $20.47 and dipped to a low of $20.21. The price closed on Tuesday at $20.25, up 75 cents.

Traders said business was choppy. "We are just holding on to yesterday's gains and technically we're still looking good," said one.

The price of copper on the London Metal Exchange lost ground on sales by commodities funds. But the metal was supported around $2,300 per tonne with trade buyers moving in, allowing the price to pick up to $2,325, for a loss of $8 on the day.

Michael de Guzman (right), who is believed dead after falling from a helicopter, with Bre-X vice chairman John Felderhof

Busang geologist 'falls to death'

By Susanna Voyle

One of the geologists who helped identify the Busang gold deposit in Indonesia is believed to have fallen to his death from a helicopter, his employer said yesterday.

Shares in Bre-X Minerals, the small Canadian exploration company which discovered Busang, were suspended after the announcement. Later they fell 60 cents to C$17.05 on the news.

Mr Michael de Guzman, originally from the Philippines, was the chief geologist of the Busang project. He was on his way to the Busang property when the accident happened.

Indonesian police and search and rescue officials confirmed that Mr de Guzman plunged to his death after the right-hand door of the French-made Allouette helicopter apparently opened after lift-off from the coastal city of Samarinda, 1,260km north-east of Jakarta. Mr Edi Tursono, the pilot of the Indonesia Air Transport helicopter, told police he had searched for about 20 minutes, but failed to find Mr de Guzman's body.

Police said they were still searching the area around Tenggarong, a small town 30km north-east of Samarinda. The Busang site is 225km to the north-west.

Mr de Guzman worked with Mr John Felderhof, a fellow geologist and the vice-chairman of Bre-X. Mr Felderhof originally identified the site – which may contain as much as 100m ounces of gold – but it was Mr de Guzman who confirmed the find and the nature of the geological factors – and who had worked most closely with the developers of the mine.

Calgary-based Bre-X has a 45 per cent stake in Busang. It had 90 per cent until an agreement in February, under which various Indonesian partners will acquire a 40 per cent stake, and Freeport McMoran Copper and Gold, the New Orleans mining group, 15 per cent.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1606.5-07.5	1641-41.5
Previous	1612-13	1647-48
High/low		1647/1635
AM Official	1608-09	1643.5-44.0
Kerb close		1647-48
Open int.	267,844	
Total daily turnover	71,725	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1505-15	1535-38
Previous	1505-15	1535-40
High/low		1540/1530
AM Official	1505-15	1535-40
Kerb close		1538-40
Open int.	6,064	
Total daily turnover	1,095	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	691-92	686.5-87.0
Previous	708-9	701-2
High/low	698/696	706/688
AM Official	697.5-98.0	691-91.5
Kerb close		690-91
Open int.	37,706	
Total daily turnover	7,922	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7820-30	7835-40
Previous	7820-30	7830-40
High/low	7870/7840	7985/7870
AM Official	7860-70	7950-60
Kerb close		7980-85
Open int.	48,554	
Total daily turnover	17,284	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6010-30	6000-20
Previous	6000-10	5990-6000
High/low		6050/5990
AM Official	6010-20	5990-6000
Kerb close		6035-40
Open int.	15,973	
Total daily turnover	3,974	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1267-68	1290-91
Previous	1269-70	1292-93
High/low		1298/1282
AM Official	1263-63.5	1285-85.5
Kerb close		1297-98
Open int.	86,069	
Total daily turnover	24,824	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2345-47	2312-14
Previous	2385-87-	2342-43
High/low		2338/2303
AM Official	2376-77	2336-37
Kerb close		2324-25
Open int.	137,929	
Total daily turnover	53,571	

■ LME AM Official £/$ rate: 1.5963
LME Closing £/$ rate: 1.5970

Spot: 1.5982 3 mths: 1.5958 6 mths: 1.5934 9 mths: 1.5913

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	112.90	+0.40	113.00	111.05	963	5,091
Apr	109.80	+0.05	110.20	108.40	363	4,082
May	108.80	+0.05	109.50	106.90	5,871	23,961
Jun	107.40	+0.25	106.60	106.00	60	1,028
Jul	106.20	+0.35	106.30	104.40	310	8,051
Aug	105.10	+0.55	103.90	103.90	32	871
Total					8,041	57,754

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	348.90-349.40		
Opening	349.00-349.30		
Morning fix	348.95	218.668	504.582
Afternoon fix	349.10	218.461	504.554
Day's High	349.60-349.90		
Day's Low	348.50-348.80		
Previous close	347.80-348.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.26 6 months 4.22
2 months ....4.25 12 months 4.21
3 months 4.25

Silver Fix	p/troy oz.	US cts equiv.
Spot	323.95	516.90
3 months	328.65	523.50
6 months	333.25	529.90
1 year	342.80	543.25
Gold Coins	$ price	£ equiv.
Krugerrand	348-350	218-219
Maple Leaf	-	-
New Sovereign	81-84	51-53

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	352.4	+2.5	353.5	353.5	29,421	-
Apr	352.9	+2.5	354.5	349.0	832	58,584
Jun	355.3	+2.5	357.0	351.5	13,141	36,607
Aug	357.8	+2.5	359.0	354.2	850	10,601
Oct	360.3	+2.5	357.4	356.6	397	5,826
Dec	363.0	+2.5	364.4	359.3	115	21,504
Total					66,419	172,691

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	382.6	+4.4	383.0	376.0	5,681	14,200
Jul	384.6	+4.4	384.9	378.0	757	4,058
Oct	386.9	+4.4	384.0	383.0	91	1,630
Jan	389.1	+4.4	382.0	382.0	12	1,137
Total					6,541	21,025

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	147.90	+3.90	-	-	36	37
Jun	149.90	+4.40	150.50	146.00	2,937	9,014
Sep	151.15	+4.40	-	-	102	782
Dec	152.15	+4.40	-	-	1	189
Total					3,072	10,022

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	521.0	+3.7	524.0	520.0	285	467
May	524.0	+3.7	528.0	519.0	31,771	58,388
Jul	529.1	+3.8	533.0	524.5	1,937	13,784
Sep	534.0	+3.8	539.5	532.0	71	3,337
Dec	541.4	+3.8	541.0	537.0	232	5,151
Jan	544.4	+3.8	553.0	553.0	2	13
Total					34,950	89,969

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	22.07	+0.01	22.45	21.80	38,581	35,978
May	21.85	+0.06	22.15	21.63	64,694	88,012
Jun	21.67	+0.03	21.96	21.50	14,038	55,455
Jul	21.52	+0.03	21.78	21.35	5,001	26,385
Aug	21.24	-0.11	21.63	21.24	1,948	18,358
Sep	21.10	-0.14	21.44	21.10	644	12,941
Total					133,953	412,133

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	20.37	+0.12	20.47	20.21	16,387	72,984
Jun	20.25	+0.14	20.31	20.07	4,190	27,113
Jul	20.07	+0.07	20.15	19.98	1,614	13,063
Aug	20.00	+0.11	20.01	19.87	505	6,771
Sep	19.91	+0.10	19.93	19.80	808	5,398
Oct	19.85	+0.11	19.87	19.75	554	4,774
Total					25,167	151,778

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	58.50	+0.32	56.85	55.65	15,319	27,925
May	58.50	+0.31	56.90	55.80	6,512	24,965
Jun	56.60	+0.26	57.05	56.10	2,911	13,398
Jul	56.80	+0.11	57.05	56.40	666	12,561
Aug	57.50	+0.21	57.50	57.00	441	7,869
Sep	58.20	+0.26	58.20	58.15	172	5,183
Total					28,894	123,909

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	175.25	+3.25	176.75	174.00	8,521	27,650
May	176.25	+3.00	177.50	175.25	3,533	6,904
Jun	177.25	+3.25	177.25	176.00	909	10,520
Jul	177.75	+2.50	178.25	177.25	259	4,384
Aug	179.00	+2.75	179.25	178.50	86	1,925
Sep	180.50	+2.75	180.75	180.25	85	1,404
Total					14,626	64,039

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	1.875	-0.022	1.905	1.865	17,364	26,253
May	1.920	-0.015	1.940	1.900	6,817	29,626
Jun	1.950	-0.014	1.960	1.935	2,444	13,527
Jul	1.965	-0.012	1.970	1.950	1,056	11,493
Aug	1.975	-0.020	1.975	1.960	1,348	9,368
Sep	1.975	-0.023	1.975	1.965	1,579	9,493
Total					34,768	181,242

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	68.00	+0.52	68.10	67.05	16,251	24,039
May	67.60	+0.63	67.60	66.80	12,212	33,773
Jun	66.65	+0.50	66.70	65.80	2,380	17,436
Jul	65.20	+0.15	65.50	64.95	956	7,831
Aug	63.65	+0.05	63.75	63.50	630	4,684
Sep	62.10	+0.05	62.20	62.05	125	2,485
Total					33,737	93,796

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	99.70	-0.45	100.00	99.70	15	10
May	101.35	-0.65	101.75	101.00	309	3,172
Jul	103.75	-0.50	104.00	103.25	201	1,209
Sep	95.00	-0.25	95.00	95.00	-	33
Nov	97.00	-0.35	97.30	97.00	335	2,206
Jan	99.00	-0.25	99.25	99.00	141	467
Total					1,095	7,285

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	391.00	+7.25	392.00	382.50	3,734	27,045
Jul	383.25	+7.75	384.00	373.50	8,868	40,926
Sep	383.25	+6.75	383.50	375.50	862	4,551
Dec	392.50	+7.50	392.00	383.00	449	4,571
Mar	388.00	+7.00	381.00	381.00	16	83
Jul	357.00	-1.00	351.00	350.00	-	180
Total					14,126	77,536

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	303.25	+2.25	303.50	299.25	40,679	158,484
Jul	302.50	+3.00	302.75	296.00	17,017	109,239
Sep	294.75	+4.75	295.00	290.50	492	16,564
Dec	293.00	+4.50	293.50	288.00	7,588	77,872
Mar	297.25	+4.50	297.50	292.75	651	7,644
May	300.00	+3.50	298.00	296.50	20	308
Total					73,190	376,324

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	94.00	+1.00	94.00	94.00	10	18
May	94.00	+0.50	-	-	-	145
Sep	92.75	-	-	-	-	28
Nov	94.75	-	94.75	94.50	56	433
Jan	96.75	-	-	-	-	38
Total					66	662

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	839.00	+8.00	840.00	825.00	50,994	81,649
Jul	841.00	+7.75	842.00	827.25	15,653	58,404
Aug	829.25	+6.25	829.50	817.00	1,497	8,487
Sep	765.25	+2.50	766.00	759.00	900	5,081
Nov	715.75	+4.50	716.00	710.00	7,027	32,499
Jan	720.75	+4.25	721.00	715.00	356	1,734
Total					77,615	189,239

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	24.69	+0.06	24.75	24.50	12,092	47,937
Jul	25.06	+0.04	25.15	24.88	4,356	29,781
Aug	25.19	+0.07	25.28	25.07	1,025	5,293
Sep	25.31	+0.04	25.40	25.20	92	3,416
Oct	25.40	+0.03	25.48	25.30	115	3,148
Dec	25.65	+0.05	25.75	25.50	604	11,294
Total					18,699	102,521

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	274.2	+4.7	274.5	268.0	16,513	47,313
Jul	269.8	+3.6	270.0	264.7	5,572	29,340
Aug	262.0	+2.5	261.5	258.3	1,095	8,738
Sep	247.3	+1.9	247.7	244.5	892	5,824
Oct	225.8	+1.0	225.5	224.0	229	4,242
Dec	220.8	+0.8	221.3	218.5	1,037	9,387
Total					27,186	106,362

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	53.5	-3.6	57.0	54.0	50	731
May	57.5	-5.9	62.0	57.0	31	313
Jun	67.5	-3.6	-	-	-	-
Nov	62.0	-	-	-	-	2
Mar	98.0	-	-	-	-	-
Apr	107.0	-	-	-	-	691
Total					81	1,685

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1505	-13	1505	1503	10	443
Apr	1593	-22	1602	1593	23	1,118
May	1570	-10	1570	1565	9	593
Jul	1310	-20	1330	1310	20	705
Oct	1425	-15	1440	1430	23	274
Jan	1440	-15	1450	1450	-	47
Total					85	3,180

	Close	Prev
BFI	1493	1490

FUTURES DATA
All futures data supplied by CMS.

Nuts and seeds
Prices from Kenkor; US$ a tonne. Iranian pistachios 28/30 raw (in shell) naturally opened (round): RPPC new crop prices up, 4,000 CFR; long type sold out; market quiet. Walnuts US inshell: 2,250 FCA Spain; East Europe LHP mix: 4,500 CPT Europe. Turkish hazelnuts standard No 1: very unstable, price idea 4,900 CFR. Sultanas Turkish and Iranian: 1,200 CFR MEP, up due to Iran new year. Indian cashews raw spot goods: W-320 5,550 FCA Rotterdam; W-450 5,400 FCA Rotterdam; new crop shipment from April W-320 5,350. US pecans fancy junior mammoth halves: firm 5,300 FOB, few goods available. US almonds: crop 1996 27/30 SSR 6,250 FAS, spot 25/27 SSR at 6,450 in transit; crop 1997 23/25 SSR 4,600 CFR MEP unstable. Coconut: CFR 1,300 for top Philippine goods, down; spot 1,400.

Prices for soft commodities were left out of yesterday's Financial Times in error. Tuesday's prices have been printed today on page 24. We apologise for any inconvenience caused.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1007	-18	1018	1014	75	604
May	1015	-18	1033	1015	1,858	32,223
Jul	1022	-17	1040	1023	1,134	14,340
Sep	1028	-18	1048	1030	140	12,173
Dec	1032	-12	1042	1031	337	25,505
Mar	1050	-12	1059	1048	106	22,852
Total					4,090	133,522

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1431	-28	1464	1430	6,219	32,200
Jul	1458	-27	1489	1455	2,241	21,068
Sep	1481	-30	1509	1480	743	11,390
Dec	1508	-22	1535	1510	432	8,624
Mar	1537	-22	1558	1539	374	18,441
May	1557	-20	1570	1566	119	6,652
Total					18,128	98,367

■ COCOA (ICCO) (SDR's/tonne)

Mar 18	Price	Prev. day
Daily	1136.14	1136.65

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1667	-31	1699	1665	101	1,727
May	1657	-41	1700	1653	2,159	25,468
Jul	1650	-35	1688	1648	1,184	10,951
Sep	1642	-34	1685	1640	1,061	5,836
Nov	1617	-34	1656	1615	90	2,656
Jan	1597	-34	1600	1596	34	685
Total					4,669	47,484

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	168.10	-0.70	171.80	165.50	11,162	19,797
Jul	154.90	-0.70	158.50	153.50	3,470	7,882
Sep	143.65	-0.70	146.25	142.50	1,612	5,324
Dec	132.70	+2.90	134.50	130.00	725	3,479
Mar	125.50	-3.50	129.00	125.50	90	906
May	121.05	-1.20	124.00	120.00	44	190
Total					17,279	37,860

■ COFFEE (ICO) (US cents/pound)

Mar 18	Price	Prev. day
Comp. daily	130.99	131.52
15 day average	138.47	137.97

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	305.5	-0.8	306.5	305.0	685	14,435
Aug	304.6	-0.6	305.4	304.4	158	4,777
Oct	301.0	-0.7	301.6	300.5	88	3,272
Dec	299.4	-1.3	300.7	300.7	28	941
Mar	300.4	-0.9	300.0	300.0	21	510
May	299.2	-1.6	-	-	-	153
Total					983	24,088

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	10.75	-0.13	10.88	10.71	4,817	65,526
Jul	10.53	-0.08	10.61	10.52	1,844	35,446
Oct	10.49	-0.07	10.55	10.46	759	25,410
Mar	10.50	-0.07	10.56	10.50	228	13,135
May	10.49	-0.07	10.56	10.55	30	2,814
Jul	10.50	-0.07	10.57	10.57	34	1,345
Total					7,713	143,656

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	73.92	-0.26	74.40	73.71	15,905	31,062
Jul	75.27	-0.26	75.70	75.05	5,732	14,898
Oct	76.05	-0.15	76.55	76.00	472	1,536
Dec	76.32	-0.11	76.90	76.20	4,054	21,200
Mar	77.10	-0.15	77.20	77.00	47	1,420
May	77.50	-0.20	77.50	77.50	33	491
Total					26,279	71,234

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	84.95	-0.65	86.90	84.40	1,503	15,030
Jul	86.80	-0.40	88.00	86.50	351	5,184
Sep	88.20	-0.20	88.75	88.00	113	3,680
Nov	90.20	-0.20	90.85	89.50	51	1,241
Jan	91.40	-0.20	91.95	91.95	13	650
Mar	93.00	-0.25	93.25	93.00	21	331
Total					2,087	26,377

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Mar 19	Mar 18	month ago	year ago
1976.6	1994.8	1972.3	2136.7

■ CRB Futures (Base: 1967 = 100)

Mar 18	Mar 17	month ago	year ago
244.34	244.11		

■ GSCI Spot (Base: 1970 = 100)

Mar 18	Mar 17	month ago	year ago
194.95	192.50	193.41	202.76

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	68.700	+0.300	68.800	68.025	8,096	35,991
Jun	64.700	+0.150	64.850	64.350	1,989	26,553
Aug	63.625	+0.250	63.725	63.350	1,471	21,417
Oct	67.275	+0.175	67.325	67.050	693	15,023
Dec	69.475	+0.150	69.525	69.225	776	7,462
Feb	70.750	+0.300	70.750	70.400	219	2,796
Total					13,263	109,859

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	68.275	-0.875	68.800	68.050	3,219	10,854
Jun	76.150	-0.400	76.200	75.700	2,780	12,034
Jul	74.800	-0.475	74.850	74.400	758	2,789
Aug	70.700	-0.700	71.100	70.700	782	2,040
Oct	65.450	-0.425	66.150	65.050	66	1,461
Dec	63.550	-0.400	63.625	63.250	48	919
Total					7,665	30,508

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	73.400	-1.850	77.000	72.275	102	115
May	73.300	-1.975	74.400	72.650	1,980	4,898
Jul	73.075	-1.925	74.150	72.200	386	1,688
Aug	70.825	-1.700	71.850	70.050	44	556
Feb	69.200	-2.600	70.000	68.800	14	42
Total					2,519	7,300

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1600	37	91	14	40
1650	13	64	39	63
1700	3	44	79	91
■ COPPER (Grade A) LME	**Apr**	**Jul**	**Apr**	**Jul**
2250	128	118	5	79
2350	52	73	28	131
2450	13	42	88	198
■ COFFEE LIFFE	**May**	**Jul**	**May**	**Jul**
1650	84	155	77	155
1700	62	137	105	187
1750	46	121	139	221
■ COCOA LIFFE	**May**	**Jul**	**May**	**Jul**
975	51	77	11	30
1000	35	62	20	40
1025	24	50	34	53
■ BRENT CRUDE IPE	**May**	**Jun**	**May**	**Jun**
2000	77	-	22	-
2050	51	-	-	102
2100	32	-	-	-

LONDON SPOT MARKETS

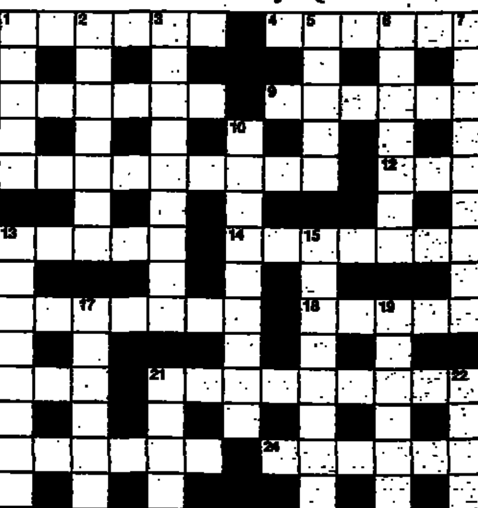
■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$18.79-8.88w	+0.160
Brent Blend (dated)	$19.68-9.73	+0.155
Brent Blend (May)	$20.41-0.43	+0.200
W.T.I.	$21.92-1.94w	+0.290
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$222-224	+8
Gas Oil	$177-178	+3
Heavy Fuel Oil	$85-86	+1.5
Naphtha	$198-202	+0.5
Jet fuel	$196-198	+1.5
Diesel	$187-189	+3
■ NATURAL GAS (Pence/therm)		
Bacton (Apr)	9.60-9.70	-0.025
Petroleum Argus. Tel. London (0171) 359 8792		
IPE (Apr)	9.700	+0.010
■ OTHER		
Gold (per troy oz)♣	$349.15	+1.20
Silver (per troy oz)♣	521.00c	+7.00
Platinum (per troy oz.)	$376.25	+0.50
Palladium (per troy oz.)	$145.75	+3.26
Copper	118.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.55r	+0.01
Tin (New York)	281.50	-1.00
Cattle (live weight)	99.65p	+1.29*
Sheep (live weight)	149.57p	-1.28*
Pigs (live weight)†	82.48p	-1.51*
Lon. day sugar (raw)	$272.40	-0.40
Lon. day sugar (wte)	$309.30	-0.20
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Apr)♥	81.25p	
Rubber (May)♥	81.25p	
Rubber (KL RSS No1)	304.0x	-2.0
Coconut Oil (Phil)§	740.0y	+5.0
Palm Oil (Malay.)§	560.0	+2.5
Copra (Phil)§	$490.0y	
Soyabeans (US)	234.0	
Cotton Outlook'A' index	80.10	-0.45
Wooltops (64s Super)	429p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,257 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,329 Set by QUARK



ACROSS
1, 4 Wine store easily convertible? (6,6)
8 Salary increase in Palladium commended (7)
9 The painting is by one hand (7)
11 Doctor can't avoid bit of gentle pleading (10)
12 The club contributing to the environment (4)
13 Toffee pudding (5)
14 Speed up former exercises with different diet (8)
16 The show director is one on the make (8)
18 Crazy university races in US city (5)
20 The showy performance doesn't finish in knock-out (4)
21 Large P. plus A seen in black and white? (5,5)
23 Course warning to surpass platform at sea (7)
24 The end could be so cruel (7)
25, 26 Cake? One in food container Dad's to taste (6,6)

DOWN
1 Ghastly tile seen around the old city (5)
2 Don's an idealist (7)
3 Nails, etc I polished, being unyielding (9)
5 Youngster's nail (5)
6 Eddie, almost fit for schooling, to be improved by instruction (7)
7 Capable in the main? (9)
10 A hope that could go up in smoke? (4,5)
13 Fort renovated in a fiddle in the tourist centre (9)
15 Smoke arising from cooking-vessel – tea all spoilt (9)
17 Within which one's kept in the dark (7)
19 Passage of opposite poles in characteristic surroundings (7)
21 Fat – before reductions? (5)
22 Race in which leader bypasses others (5)

Solution 9,328

GRINGO CELERITY
O M U E N N E
APPEAL CARDINAL
T O R P N A U L
SALADOIL INDIGO
K I S N B G T W
IOTA SKILLET
N E F I O R R B
FINNISH WELL
B C R G S A U
AVOCET BOTHERED
L M D T M R R S
LABRADOR MISERE
A A M O N S O
DATEPALM NEATEN

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LUXEMBOURG
(SIB RECOGNISED)

ABN AMRO Funds (u)
4 Rue Jean Monet, L-2180 Luxembourg

[illegible]

Fidelity Funds - Contd.

Fund	Selling Price	+or-	Yield Gr's
Bond Funds			
European	Ecu11.41	-0.07	8.93
International	$1.018	+0.003	5.44
US Dollar	$5.544	-0.002	5.07
Sterling	£0.2548	-0.0006	6.51
Balanced			
European Balanced	DM14.40	-0.12	1.82

Prices as at March 18

Fleming Group (u)
6 Route De Treves L-2633 Senningerberg Luxembourg

[illegible]

Mercury Asset Management S.A. - Contd.

[illegible]

ACM Global Investment - Contd.

[illegible]

Credis Investment Funds - Contd.

[illegible]

Merrill Lynch Asset Management - Contd.

[illegible]

Southern International SICAV

[illegible]

State Street Luxembourg SA

[illegible]

Storebrand Scudder Environmental Value Fd

[illegible]

Svenska Securities

[illegible]

Swiss Bank Corporation

[illegible]

CMI Ins Co Ltd/Clerical Med Gen Life - Contd.

[illegible]

LUXEMBOURG
(REGULATED)(**)

ACM Global Investment

[illegible]

OFFSHORE
INSURANCES

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£24	+¾	*£31	£20¼	1,873	3.1	◆
Barlow	‡	£7	—	£9	£5	1,441	2.1	14.3
Gold Flds Prop R	†	149¼	-1	171½	130	14.4	6.5	10.2
SASOL	♥	648	—	710	523	3,777	1.7	-
SA Brews		£19¼	-⅛	£24	£13¼	5,719	1.8	◆
Standard Bank		£26	-⅛	£31	£21	3,162	1.4	22.8
Tiger Oats		1085	+10	1150	770	1,632	1.7	20.8
Tongaat-Hulett		770¼	-4¼	1125	676¼	720.7	2.4	◆

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these *foreign securities are converted into sterling from latest available* local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formats.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ◆ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas Incorporated companies listed on an approved exchange
- ♣ Free annual/interim report available, see details below
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other offical estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other offical estimates for 1997
K Yield based on prospectus or other offical estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1995-96.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend.
xc ex scrip issue.
xr ex rights.
xa ex all.
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 19 / Sch)

BELGIUM/LUXEMBOURG (Mar 19 / Frs.)

CZECH REP (Mar 19 / Koruna)

DENMARK (Mar 19 / Kr)

FINLAND (Mar 19 / Mkk)

FRANCE (Mar 19 / Frs.)

GERMANY (Mar 19 / Dm.)

GREECE (Mar 19 / Drachma)

ITALY (Mar 19 / Lire)

NETHERLANDS (Mar 19 / Fls.)

NORWAY (Mar 19 / Kroner)

POLAND (Mar 19 / Zloty)

PORTUGAL (Mar 19 / Escudo)

SPAIN (Mar 19 / Pta.)

SWEDEN (Mar 19 / Kronor)

SWITZERLAND (Mar 19 / Frs.)

TURKEY (Mar 19 / Tk Lira)

PACIFIC

JAPAN (Mar 19 / Yen)

AUSTRALIA (Mar 19 / Aust$)

HONG KONG (Mar 19 / H.K.$)

INDONESIA (Mar 19 / Rupiah)

MALAYSIA (Mar 19 / MYR)

NEW ZEALAND (Mar 19 / NZ $)

SINGAPORE (Mar 19 / S$)

SOUTH KOREA (Mar 19 / Won)

TAIWAN (Mar 19 / TW $)

THAILAND (Mar 19 / Baht)

AFRICA

SOUTH AFRICA (Mar 19 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 19 / Can $)
4 pm close

MONTREAL (Mar 19 / Can $)
4 pm close

Prices supplied by Extel, part of FT Information.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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INDICES

	Mar 19	Mar 18	Mar 17	1996/97 High		1996/97 Low	
Argentina							
General(29/12/77)	(c)	20315.97	20179.17	21551.30	24/2/97	15297.20	22/8/96
Australia							
All Ordinaries(1/1/80)	2385.2	2404.3	2427.4	2501.70	18/2/97	2086.10	17/7/96
All Mining(1/1/80)	936.0	945.2	958.9	1118.40	8/5/96	903.80	13/12/96
Austria							
Credit Aktien(30/12/84)	410.00	408.56	411.41	416.23	11/3/97	349.19	6/9/96
Traded Index(2/1/91)	1213.68	1213.80	1223.75	1258.43	11/3/97	975.27	2/1/96
Belgium							
BEL20(1/1/91)	2132.12	2138.66	2170.95	2220.77	11/3/97	1574.90	2/1/96
Brazil							
Bovespa(29/12/83)	(c)	9172.0	9263.0	9868.80	11/3/97	4380.10	2/1/96
Canada							
Metals Mins ♦(1975)	(u)	5768.18	5826.30	5981.75	10/3/97	4687.47	16/1/96
Composite ♦(1975)	(u)	6129.30	6154.50	6332.90	10/3/97	4739.70	15/1/96
Portfolio§§(4/1/83)	(u)	3094.28	3113.62†	3214.19	10/3/97	2327.38	12/1/96
Chile							
IGPA Gen♥(31/12/80)	(c)	5255.77	5300.64	5804.33	8/1/96	4868.17	18/12/96
Denmark							
CopenhagenSE(3/1/83)	547.53	547.10	549.50	555.49	11/3/97	388.40	2/1/96
Finland							
HEX General(28/12/90)	2852.84	2891.58	2942.53	3006.36	11/3/97	1851.87	10/1/96
France							
SBF 250(31/12/90)	1749.05	1739.29	1750.57	1815.36	10/3/97	1250.16	2/1/96
CAC 40(31/12/87)	2586.77	2573.95	2588.38	2709.21	10/3/97	1897.85	11/1/96
Germany							
FAZ Aktien(31/12/58)	1138.84	1147.33	1161.78	1182.08	11/3/97	818.56	2/1/96
Commerzbank(1/12/53)	3322.90	3347.80	3391.20	3482.00	11/3/97	2370.10	2/1/96
DAX‡(30/12/87)	3315.93	3291.19	3350.99	3460.89	11/3/97	2284.86	2/1/96
Greece							
Athens SE(31/12/80)	1285.78	1300.76	1291.28	1463.60	26/2/97	872.99	7/8/96
Hong Kong							
Hang Seng(31/7/64)	12651.42	12749.91	12838.53	13868.20	20/1/97	10204.90	2/1/96
India							
BSE Sens.(1979)	3689.07	3795.17	3798.12	4069.26	18/6/96	2745.05	4/12/96
Indonesia							
Jakarta Comp.(10/8/82)	663.17	659.44	670.93	712.80	28/2/97	512.49	2/1/96
Ireland							
ISEQ Overall(4/1/88)	2988.88	3018.38	3048.80	3059.63	11/3/97	2234.61	2/1/96
Italy							
Banca Comm Ital(1972)	730.09	724.88	736.70	787.71	10/2/97	572.21	27/3/96
MIB General(2/1/87)	1097.0	1089.0	1107.0	1192.80	10/2/97	991.00	2/1/97
Japan							
Nikkei 225(16/5/49)	18493.71	18445.20	18053.50	22666.80	26/6/96	17303.70	10/1/97
Nikkei 300(1/10/82)	264.97	263.51	258.95	319.70	26/6/96	251.04	27/1/97
Topix(4/1/68)	1381.39	1378.99	1358.75	1722.13	26/6/96	1328.80	27/1/97
2nd Section(4/1/68)	1638.86	1640.54	1642.18	2281.48	2/7/96	1638.86	19/3/97
Malaysia							
KLSE Comp.(4/4/86)	1234.83	1226.87	1234.03	1271.57	25/2/97	993.18	2/1/96
Mexico							
IPC(Nov 1978)	(c)	3787.05	3760.55	3938.69	25/2/97	2738.36	8/3/96
Netherland							
CBS TtlRtnGen(End 83)	845.8	851.0	862.6	886.70	11/3/97	539.50	2/1/96
CBS All Shr(End 83)	496.4	499.4	506.2	519.80	11/3/97	336.70	2/1/96
New Zealand							
Cap. 40(1/7/86)	2214.46	2217.06	2238.84	2440.21	20/1/97	2025.14	7/6/96
Norway							
Oslo SE(Ind)(2/1/83)	1830.67	1849.38	1869.51	1941.49	20/2/97	1259.68	30/1/96
Philippines							
Manila Comp(2/1/85)	3200.61	3215.64	3231.86	3447.60	3/2/97	2578.97	2/1/96
Portugal							
BVL 30(4/1/93)	2545.90	2584.81	2601.17	2643.19	11/3/97	1602.81	2/1/96
Singapore							
SES All-S'pore(2/4/75)	529.61	532.32	535.79	610.37	5/2/96	503.78	21/10/96
South Africa							
JSE Gold(28/9/78)	1375.6♥	1370.5	1390.7	2030.40	29/5/96	1339.00	3/3/97
JSE Ind.(28/9/78)	8342.6♥	8321.5	8332.5	8739.30	25/1/96	7588.90	17/12/96
South Korea							
KoreaCompEx**(4/1/80)	645.29	657.97	658.90	986.84	7/5/96	611.06	7/1/97
Spain							
Madrid SE(30/12/85)	474.26	473.15	476.93	488.60	10/3/97	323.75	11/1/96
Sweden							
AffarsvardsGen(1/2/37)	2709.5	2723.4	2774.6	2832.40	10/3/97	1706.80	22/1/95
Switzerland							
Swiss Bk Ind(31/12/58)	2160.54	2156.78	2172.15	2224.80	10/3/97	1518.19	17/1/96
SBC General(1/4/87)	1514.98	1510.51	1521.55	1587.81	11/3/97	1114.47	26/1/96
Taiwan							
WeightedPr.**(30/6/66)	8441.52	8526.20	8428.42	8526.20	18/3/97	4690.22	6/2/96
Thailand							
Bangkok SET(30/4/75)	700.62	693.87	686.92	1415.04	6/2/96	676.65	6/3/97
Turkey							
IMKB Nat 100(1986)	1636.00	1607.00	1586.00	1709.00	27/1/97	398.00	2/1/96
WORLD							
MS Capital Int$(1/1/70)	833.1*	831.9	833.2	854.40	25/2/97	728.90	15/1/96
CROSS-BORDER							
Eurotrack 100(26/10/90)	2141.08	2146.86	2164.22	2231.93	11/3/97	1504.40	11/1/96
Euro Top-100(26/6/90)	1824.53	1817.12†	1833.97	1894.47	11/3/97	1333.01	11/1/96
HSBC JC Drgn(31/12/88)	(u)	406.35	409.08	429.49	20/1/97	344.19	2/1/96
ING Brngs Emrg(7/1/92)	176.21	176.59	177.62	181.93	26/2/97	147.35	2/1/96

** Sat Mar 15: Taiwan Weighted Price 8291.31; Korea Comp Ex 641.89. Base values of all indices are 100 except: Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Mar 19 - 3305.72 +16.13 † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Mar	2586.0	2600.0	+24.0	2609.0	2582.0	14,686	32,964
Apr	2588.5	2601.5	+24.0	2607.0	2596.0	733	2,307
DAX							
Mar	3314.0	3309.0	+13.5	3331.5	3301.5	48,058	114,119
Jun	3335.0	3328.5	+11.0	3351.0	3321.0	18,656	103,575
OMX							
Mar	2130.00	2109.00	−6.00	2132.00	2100.00	10,866	18,818
Apr	2116.00	2097.00	−3.00	2116.75	2085.25	3,879	6,683
SOFFEX							
Mar	4534.5	4534.0	+22.0	4548.0	4512.0	11,187	23,228
Apr	4540.0	4538.0	+7.5	4550.0	4522.0	6,980	7,764

US INDICES

Dow Jones	Mar 18	Mar 17	Mar 14	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Industrials	6896.56	6855.48	6933.46	7085.16 (11/3/97)	5032.94 (10/1/96)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	102.64	102.80	102.76	106.08 (14/2/96)	100.99 (15/7/96)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2469.59	2448.63	2435.37	2469.59 (18/3/97)	1882.71 (18/1/96)	2469.59 (18/3/97)	13.23 (8/7/32)
Utilities	221.56	224.71	224.22	240.85 (22/1/97)	204.86 (30/7/96)	256.46 (31/8/93)	10.50 (8/7/32)

DJ Ind. Day's high 6987.40(7004.20) Low 6841.06(6820.26) (Theoretical♦)
Day's high 6970.59(6969.45) Low 6854.84(6878.51) (Actual♦)

Standard and Poors	Mar 18	Mar 17	Mar 14	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Composite‡	789.66	785.71	783.17	816.29 (18/2/97)	598.48 (10/1/96)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	924.11	930.25	928.33	960.98 (18/2/97)	702.07 (15/1/96)	960.98 (18/2/97)	3.52 (30/6/32)
Financial	90.65	91.84	92.15	97.25 (10/3/97)	58.67 (10/1/96)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	415.40	416.37	417.70	427.70 (10/3/97)	321.41 (10/1/96)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	595.45	596.24	600.47	617.81 (22/5/96)	524.20 (16/7/96)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Comp	1259.34	1279.43	1292.97	1388.06 (22/1/97)	988.57 (15/1/96)	1388.06 (22/1/97)	54.87 (3/10/74)

RATIOS

	Mar 14	Mar 7	Feb 28	Year ago
Dow Jones Ind. Div. Yield	1.95	1.93	1.96	2.15
	Mar 12	Mar 5	Feb 26	Year ago
S & P Ind. Div. yield	1.74	1.77	1.73	1.85
S & P Ind. P/E ratio	22.81	22.55	22.69	21.01

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Micron Tech	14,923,300	39¼	-3⅞
Chrysler	6,683,100	29¼	-⅛
Wal-Mart	5,207,100	28⅛	+⅛
Bay Network	4,693,900	16⅜	-⅜
Pepsico	4,538,800	31⅛	+⅛
McDonalds	4,322,300	47⅛	+⅜
Long Island	3,894,900	23⅞	..
IBM	3,835,100	139⅜	-⅛
Chase Man	3,406,200	99⅝	-2⅜
CUC Intl	3,257,900	25¼	-⅜

TRADING ACTIVITY

● Volume (millions)

	Mar 18	Mar 17	Mar 14
New York SE	461.121	486.594	464.323
Amex	18.404	19.813	16.536
NASDAQ	554.288	594.184	601.759
NYSE			
Issues Traded	3,334	3,322	3,329
Rises	850	848	1,418
Falls	1,655	1,634	1,052
Unchanged	829	840	859
New Highs	48	52	71
New Lows	56	64	41

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Mar	786.00	791.20	+3.65	793.00	786.00	29,054	73,314
Jun	795.00	798.60	+3.60	800.40	793.25	104,335	144,415

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Nikkei 225							
Jun	18480.0	18430.0	+30.0	18520.0	18330.0	19,516	241,325
Sep	-	18210.0	-	-	-	-	2,701

Open interest figures for previous day.

TOKYO - MOST ACTIVE STOCKS: Wednesday, March 19, 1997

	Stocks Traded	Closing Prices	Change on day
Nippon Credit Bk	14.5m	280	+14
Nippon Steel	8.3m	336	+3
Sakura Bank	7.3m	765	+12
Shiseido	6.7m	1,570	+30
Sanwa Bank	6.3m	1,360	
Fuji Bank	5.9m	1,520	+40
Seven-Eleven Jpn	5.5m	7,280	-70
North Pac Bank	5.0m	608	
Daiichi Kangyo Bk	4.7m	1,400	+40
Kawasaki Steel	4.7m	343	-5

LONDON STOCK EXCHANGE

UK and US rate rise fears haunt equities

MARKETS REPORT

By Steve Thompson,
UK Stock Market Editor

UK stocks put up a spirited performance for much of yesterday, fighting hard to resist the damaging impact of a series of much stronger than expected economic data which increased the chances of a rise in UK interest rates after the May 1 election.

And it was not just domestic news that jolted the market's confidence. Wall Street lost the 6,900 level on the Dow Jones Industrial Average on Tuesday evening, sliding almost 60 points. The US opened in reasonably good heart yesterday, however, gaining around 20 points in early trading after the inflation report for February, but later fell sharply as dealers had second thoughts about the data.

Some 90 minutes after London finished, the Dow was down 55 points and "heading south" as one dealer put it.

But London eventually succumbed to selling pressure induced by the weakness of gilts and also to increasing fears that the US is facing a rise in interest rates after next Tuesday's meeting of the Federal Reserve's open market committee.

The FTSE 100 index finished a day of increasing volatility 24.6 lower at 4,332.2. The FTSE 250, bolstered by a series of excellent company news stories, closed only 8.6 down at 4,652.9, while the FTSE SmallCap lost 9.3 to 2,343.1.

The deputy head of market-making at one top London securities house said the market "felt horrible. We're worried about inflation, we're worried about global bonds, we're worried about interest rate rises."

He said London was "heading south, it's just a question of how far we go".

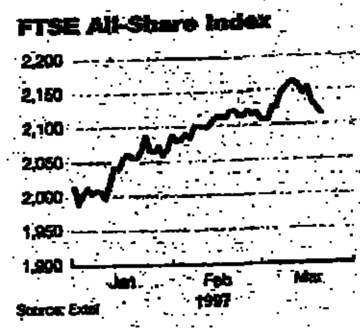
That view was echoed by other senior dealers with one noting there was no real reason for fund managers to rush into UK equities, especially with Easter looming and also with the market likely to trade erratically on Friday. That day sees the FTSE 100 and 250 index futures expire, along with FTSE 100 index options, in what some market wags have dubbed "twitching hour", as opposed to the more common phrase "triple witching hour". Wall Street also sees a variety of expiries on Friday.

The damage to the gilt market came mostly from a worryingly strong rise in average earnings, which came in up 5 per cent over the year, well above estimates of around 4.25 per cent. A higher than expected rise in retail sales and a steeper than forecast fall in unemployment added to the pressure on the gilts market. The latter were left with falls of not far short of a full point.

Turnover in equities was a healthy 902m shares at the 6pm count and was said to have been boosted by more programme trade activity, with at least one buy-side programme apparently stabilising the market in the morning.

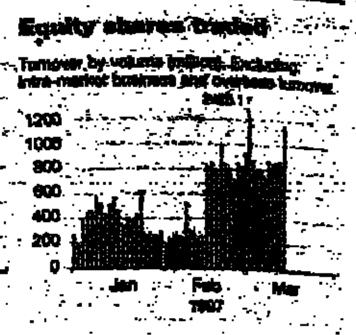
Turnover was also given a big lift by a fresh surge of activity in the telecoms arena, where BT attracted more buying interest in the wake of the highly successful presentations to institutions in the US, UK and Scotland, as well as the news of its probable alliance with Spain's Telefónica.

FTSE All-Share Index



Source: Datastream

Equity shares traded



Indices and ratios

FTSE 100	4332.2	-24.6	FT 30	2868.7	-12.5
FTSE 250	4652.9	-8.6	FTSE Non-Fins p/e	18.47	18.54
FTSE 350	2143.1	-10.5	FTSE100 Fut Mar	4331.0	-30.0
FTSE All-Share	2115.40	-10.16	10 yr Gilt yield	7.62	7.50
FTSE All-Share yield	3.60	3.58	Long gilt/equity yld ratio	2.11	2.11

Best performing sectors

1 Telecommunications +2.1
2 Oil Exploration & Prod +1.5
3 Household Goods +1.0
4 Retailers: General +0.8
5 Retailers: Food +0.5

Worst performing sectors

1 Gas Distribution -2.4
2 Banks: Retail -1.7
3 Tobacco -1.7
4 Life Assurance -1.4
5 Insurance -1.3

Relief for retailer

By Peter John and Jeffrey Brown

Leading retailers breathed a collective sigh of relief as Kingfisher, the group whose empire spans the UK's biggest DIY chain, produced a polished set of results with no hidden woodworm.

Nervousness had preceded the figures in the light of the recent profits warning by MFI which announced a big slowdown in sales growth earlier in the month.

The shares were subsequently sent into a flat spin by reports of a price war in compact discs. Kingfisher also owns Woolworths, the high-street chain which has been cutting prices.

But, yesterday, the UK retailer posted a 25 per cent rise in full-year profits to £388.7m against forecasts of between £376m and £380.1m. Upgrades were being pencilled in and one analyst cited the low gearing as evidence that acquisitions were back on the agenda. Littlewoods, Wickes and BUT of France have all been seen as targets in the past

Retailers were also assisted by retail sales figures for February which were up 0.5 per cent against anecdotal reports of much poorer trading.

Kingfisher rose 22¼ to 697p, although dealers pointed out they had fallen 30 over the previous three trading days.

Among the bigger high-street retailers, Boots lifted 10¼ to 686¼p and Dixons 11¼ to 508p. But the MFI shadow still darkened Carpetright, which dropped 16¼ to 562½p, as well as DFS, the furniture chain, which eased 2 to 598½p. MFI was off a penny at 144½p.

BT broke through to a three-year high as the telecom giant's global roadshow to promote the $20bn MCI acquisition moved up a gear and talk of a breakthrough into the fast-growing Latin American markets ran round the market.

The story was that the link with Telefónica of Spain would lead to a broader Latin American base for BT. This was said to have prompted UK institutions to evaluate their underweight position on the stock.

The shares headed both the Footsie performance and activity charts to close up 19½ at 461½p in turnover of 35m. The stock has put on almost 6 per cent in two straight sessions and traded 80m shares during the same period.

Cable & Wireless moved ahead after France Telecom confirmed that the French group and Deutsche Telekom were in wide-ranging talks with C&W. The shares shot up to 513½p at one stage before easing back to 509p, up 3.

Transport leader Stagecoach took fright after a number of chartists signalled heavy potential selling pressure. The shares slammed down through 700p and there was talk yesterday that some analysts saw little resistance above 650p.

The stock, which topped out at 801p in January after a meteoric rise from 400p in less than six months, closed off 34½ at 689p in some of the heaviest volume seen this year. Regulatory worries and talk of a Labour government unwinding rail franchises looked to be driving the upset.

At the same time, Stagecoach has plainly run foul of Opraf over South West Trains, seen by analysts as potentially the most profitable UK rail franchise. Whispers that the regulator may force a disposal are proving very persistent.

P&O eased 4½ to 658p ahead of today's results from Nedlloyd, the Dutch group which partners P&O in its big container venture. A certain amount of nervousness showed through ahead of the Dutch statement. P&O reports its 1996 results next week.

Enterprise Oil lifted 16½p at 663 as a resurgence of buying interest caught the market short of stock.

BP slid 4 to 705½p and Shell Transport dipped 2 to £10.87½. Oil stocks have been helped this week by the dollar's rise against the pound, which increases the value of the profits companies make in a dollar-denominated business. There has also been talk that crude oil prices are bottoming out.

Cairn Energy jumped 56 to 634½p after the company posted a sharp rise in profits and said it was in talks with Shell on a Bangladesh joint venture.

Composite insurance stocks, the most highly geared plays to market moves, fell back sharply as inflation fear began to take hold.

Commercial Union fell 13½ to 678p and General Accident 16 to 806p.

Barclays fell 21 to £10.76½p as dealers noted that the retail bank had finally completed its 26m share buy-back launched last month.

The recent performance of banking stocks has been favourable to Barclays which started buying the shares at £11.37 a share.

Information technology group Parity slipped 6½ to 533½p as the market reacted to the placing of 2m shares by the original backers. Director Mr Philip Swinstead and HSBC had both acquired shares at 60p each during the original buy-in three years ago. The shares were placed with a variety of institutions at 537p.

Williams Holdings gained 5 to 334½p to come full circle in the face of keen City distrust of its £1.3bn takeover of Chubb.

The conglomerate has been talking to institutions recently, telling a reassuring story. And, although some analysts feel the Chubb deal is a shade expensive, sentiment on the stock has improved visibly. Under £3 at one stage, the shares are back to pre-bid levels.

Charter continued to gain ground as investors warmed to the news that the company had earmarked £500m for a takeover this year. The stock put on 10 to 807½p for a two-day advance of 4 per cent.

Vickers and Weir were diametrically opposed among engineering stocks, with the former running into downgrades after dull results and Weir surging 12 per cent to turn in the strongest FTSE 250 performance.

SGST cut its 1997 forecast for Vickers to £86m from £96.5m and moved from "hold" to "sell" on the shares which closed off 22 at 239p. At Weir, SGST analyst Mr Andrew Chambers maintained his "buy" stance and pushed up estimates for the year from £54m to £56m. The shares gained 26 to 243½p.

Office machinery group Danka Business, the worst performer in the FTSE 250, slid 65 to 517½p.

United News & Media gained 7 to 760½p as BZW repeated its recent upgrade on the stock. BZW raised the stock to "buy" from "hold" and increased its profit estimate to £336.2m for 1997 and £378.7m for the year after. The move came after the group last week posted a 12 per cent rise in profit.

FT 30 INDEX

	Mar 19	Mar 18	Mar 17	Mar 14	Mar 13	Yr ago	*High	*Low
FT 30	2868.7	2881.2	2897.0	2930.2	2907.3	2756.4	2931.4	2668.8
Ord. div. yield	3.94	3.92	3.90	3.85	3.88	3.94	4.22	3.76
P/E ratio net	17.64	17.73	17.83	18.07	17.93	18.32	18.09	15.80
P/E ratio nil	17.42	17.51	17.61	17.85	17.71	18.00	17.87	15.71

FT 30 since compilation: high 2931.4 10/03/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2876.3	2887.5	2871.8	2870.0	2876.1	2878.3	2876.2	2870.4	2866.5	2890.3	2865.9

	Mar 19	Mar 18	Mar 17	Mar 14	Mar 13	Yr ago
SEAQ bargains	59,809	59,560	57,730	54,977	53,471	38,190
Equity turnover (£m)†	–	NA	2797.9	2768.1	2592.8	1639.2
Equity bargains†	–	NA	51,799	51,211	51,267	48,670
Shares traded (ml)†	–	NA	1053.6	1182.8	867.1	620.4

†Excluding intra-market and overseas turnover but including Grey turnover.

	Mar 19	Mar 18	Mar 17	Mar 14	Mar 13	Yr ago	*High	*Low
FTSE AIM	1114.3	1123.8	1127.8	1127.5	1133.9	974.9	1140.4	965.7

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	303	Total Highs	41	Total contracts	58,451
Total Falls	1,026	Total Lows	53	Calls	22,781
Same	1,091			Puts	35,670

Mar 19 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

FT GOLD MINES INDEX

[illegible]

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

[illegible]

FTSE Actuaries Industry Sectors

[illegible]

Hourly movements

[illegible]

FTSE 350 Industry baskets

[illegible]

TRADING VOLUME

Major Stocks Yesterday

[illegible]

4 pm close March 19

NYSE PRICES

Continued from previous page

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev Close
20 3/8	12	Scitex x	0.06	0.4	60	2521	17 1/8	16 1/4	16 1/4	-1 1/8
29 3/8	17	Scotsman	0.10	0.3	15	56	29 1/2	29	29 1/8	+1/8
18 1/8	12 1/2	ScudderNwsF x	0.09	0.2		288	13 5/8	13 3/8	13 3/8	-1/8
15 1/8	11	ScudderMlEsF	0.06	0.4		173	14 7/8	14 5/8	14 3/4	-1/8
20 3/4	14 3/4	SeaCntA§	0.77	4.6	14	357	17 1/4	16 7/8	16 7/8	-1/4
16 1/8	15	SeaC1.4625	1.46	9.5		20	15 3/8	15 3/8	15 3/8	
58 1/4	18	S'gate			34	35481	43 1/4	40 7/8	41	-2
42 3/4	30 7/8	Seagrm	0.66	1.7		3005	39 1/4	38 3/4	39	-1/8
28	17 1/4	Seagull En			31	2478	18 3/4	18 1/2	18 5/8	
44 1/8	28	Sealed Air			26	859	42 7/8	42 1/4	42 1/2	
59 3/4	39 1/4	SearsR x	0.92	1.7	17	10638	55	53 5/8	53 3/4	-1/2
25	17	SecCpS§	1.30	5.3	16	735	24 1/2	24 1/8	24 1/2	+1/4
13	11 7/8	Seligm Sel x	0.84	6.7		52	12 1/2	12 1/2	12 1/2	-1/8
25 3/4	13 5/8	Sensormat	0.22	1.3		1557	17 1/8	16 5/8	16 5/8	-1/2
46 7/8	28 1/2	SequaA	0.60	1.3	48	78	46 3/8	45 7/8	45 7/8	-5/8
53 5/8	38	SequaB	0.50	1.1	50	20	47 1/2	47 1/2	47 1/2	
33 7/8	19 1/2	SvcCp	0.30	0.9	29	5898	32 3/8	31 3/4	32	
28 7/8	19 1/2	SvMstr	0.68	2.6	15	784	28 3/8	26 1/4	26 1/4	
6 1/2	3 3/8	SrvMerch			8	1430	3 1/2	d3 3/8	3 3/8	-1/8
80 7/8	28 1/2	SGSThm			15	1400	70 3/4	68 3/4	70	+3/8
15 5/8	10 5/8	Shaw Ind	0.30	2.2	76	3221	13 3/4	13 1/2	13 3/4	+1/8
17	10 1/8	Shelby Wil	0.32	2.2	15	133	15 1/8	14 5/8	14 5/8	-1/2
107 1/2	76 5/8	ShellTr	4.64	4.5	22	836	104 1/4	103 5/8	104	+5/8

- X - Y - Z -

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev Close
57	42 1/2	York Int x	0.48	1.1	12	1847	43 3/4	43	43 1/8	-1/2
5	3	Zapata				16	4 3/4	4 5/8	4 5/8	-1/8
25 3/4	5 7/8	ZenthEl				13190	12	11 1/8	11 1/4	-1/2
28 3/8	21 1/8	Zenith Nat	1.00	3.7	12	36	27 1/8	26 7/8	27 1/8	+1/4
7 1/2	6 1/2	Zemex Inc	0.73	9.9		184	7 3/8	7 1/4	7 3/8	+1/8
23 3/4	15 1/8	Zero	0.12	0.6	15	286	21 1/2	19 7/8	20	-1 5/8
11 3/8	10 1/2	ZweigFd§	1.16	10.3		487	11 1/4	11 1/8	11 1/4	
9	8	Zweig Tot x	0.84	9.9		378	8 5/8	8 1/2	8 1/2	

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
Dealings suspended.

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AMEX PRICES

4 pm close March 19

NASDAQ NATIONAL MARKET

4 pm close March 19

- J -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
J&J Snack		22	155	13	12 5/8	12 5/8	-3/8
Jason Inc		15	2	6 1/2	6 1/2	6 1/2	-1/2
Johnson W			101	13	12 1/4	13	+1
Jones Int			505	9 5/8	9 1/2	9 5/8	
Jones Med	0.08	36	5775	25 1/4	23 3/4	24	+1/8
JSB Fin	1.40	16	143	43	41	43	+2
Juno Ltg x	0.32	14	314	15 3/4	15 1/2	15 5/8	-1/8
Justin	0.16	12	621	11 3/8	11	11 1/4	+1/8

- K -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	107	134	12 5/8	11 7/8	11 7/8	-1/2
Kaman Cp	0.44	12	379	13 7/8	13 3/8	13 3/8	-1/4
Kelly Sv	0.84	14	1539	27 1/4	26 1/2	27 1/4	+1/4
Kimball	1.04	14	10	37 5/8	37 1/8	37 3/8	-1/8
KLA Instr		17	27922	39 1/2	35 7/8	35 7/8	-2 5/8
Koll A			600	3/16	3/32	5/32	
Komag§		14	8367	29 3/4	28 1/8	29 1/2	+7/8
Kulicke S			7849	22 3/4	20 1/4	20 11/16	-2 1/16

- L -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
Labone	0.72	81	12	18	17 1/4	18	+3/8
Ladd Furn			55	15 1/8	14 3/4	14 7/8	+1/8
Lam Rsch		10	12731	34 1/4	32 1/4	32 1/2	-1.27
Lancaster x	0.72	16	57	48 1/2	46	46 1/2	+1/8
Lance §	0.96	21	589	17 7/8	17 3/8	17 3/8	-3/8

- R -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
Rainbow		12	208	17 1/8	16 1/4	16 1/4	-5/8
Rallys			386	3 5/8	3 1/4	3 5/16	+1/16
Raymond x	0.25	13	3349	28	27 1/4	27 5/8	-1/4
RCSB Fin	0.60	12	540	32 3/4	32 1/4	32 1/2	-1/4
Read-Rite			32605	25 3/4	23 7/8	24 7/8	-7/8
Recoton		12	502	14 1/8	13 3/8	13 1/2	-7/16
RegFinCp x			981	59 5/8	59 1/8	59 1/2	-1/8
Repligen			322	1 1/4	1 7/32	1 7/32	-1/32
Repub Ind			15170	34 1/2	33 3/8	33 7/8	-3/8
ResrchMed		23	z0	23 1/4	23 1/4	23 1/4	

- V -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
Valmont§	0.40	27	253	42	41 3/8	41 3/8	-1/4
Vngrd Cell		80	3872	13 5/8	d12 3/8	12 7/8	-1/2
Varlen	0.36	7	15	19 1/2	19 3/8	19 3/8	+1/8
Ventritex			2358	17	16 3/8	16 5/8	-1/4
Vicor		23	935	14 3/4	13 5/8	14 1/4	-1/2
VicorpRst		61	174	12 3/4	12 1/8	12 3/4	-1/8
Viewlogic		23	2717	15 5/8	15	15 1/2	+7/8
VLSI Tech		37	14342	18	17	17 9/16	-3/8
Volvo B	0.50		1825	24 3/4	24 1/4	24 9/16	+5/8

- W -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
Wang Lab			2508	20	19 1/4	19 7/8	-1/8
Warmtech		26	1228	9 7/8	8 3/4	8 7/8	-15/16
WashMut	1.00	14	24141	51 3/8	50 1/4	50 1/2	
WattsIndA	0.31		207	25 3/4	25 3/8	25 1/2	-1/4
Wausau PM x	0.25	15	720	19 3/16	18 3/4	18 3/4	-3/8
WD-40	2.48	18	43	50 1/4	49 1/2	50	+1/4
Werner En	0.10	15	346	16 5/8	16 5/16	16 3/8	-1/8
Wstam Bnc	1.04	16	81	66 1/2	65 11/16	66	-1/2
WstpStA		21	5358	u38 7/8	37 1/4	38 7/8	+7/8
Wet SealA		22	7728	25 1/8	22 1/4	23 3/8	-3/4
Willmtte	1.28	18	z0	63 1/2	63 1/2	63 1/2	
WmsSonoma		35	3399	31 3/4	30 3/8	30 7/8	-3/8
Wolohan L x	0.28	15	197	14 3/4	13 3/4	13 3/4	-3/8
Wrldcm		22	70834	24	23	23 5/16	-5/16
Worthgtn x	0.48	22	2341	21	20 5/8	20 3/4	-1/16
WPP ADR	0.10	23	137	42 1/2	42	42 1/8	
Wyman-Gdn	0.40	27	5844	21 7/8	20 1/8	21 1/2	+1 3/8

- X - Y - Z -

Stock	Div	P/E	Sls 100s	High	Low	Last	Chng
Xilinx§		28	44822	43 7/8	40 1/4	43 7/8	+1/4
Xircom		25	3997	15 1/2	13 7/8	14 1/2	-1 3/8
Xoma Corp			8535	5 3/8	5	5 1/8	-1/2
Yellow			809	17	16 5/8	16 3/4	-1/2
York Rsch		18	445	8 7/8	8 5/8	8 7/8	-1/8
ZionsUtah	1.76	17	447	121	118 3/4	120 1/2	-3/4

EASDAQ

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$6.125		0	8.25	6	Innogenetics	US$12.375	+0.125	31210	12.625	10.5
Artwork Systems	US$10.875		17320	11.375	10.25	Mercer Internatl.	US$8.875		0	11.375	8.875
Dr Solomon's ADS	US$22.875	-1.75	276	26	22.625	PixTech	US$4.75	-0.25	28450	6.25	4.75
Esprit Telecom ADS	US$12.25		0	12.5	12						

Prices for 19/3/97.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9990)

4 pm close March 19

NEW YORK STOCK EXCHANGE PRICES

1996/97 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32	24¼	AAR	0.48	1.7	24	3286	29⅛	27⅞	29	+2
46⅛	33	AMP	1.04	2.8	27	11284	37⅛	35⅞	36⅞	-⅞
97½	68	AMR			6	6186	86¼	84¼	84⅝	-1⅞
50½	33¼	ASA	1.20	3.4	23	810	35⅝	35⅜	35½	-⅛
60⅛	38⅛	AbbtL	1.08	1.8	24	11368	u60½	58⅞	58¾	-¾
17½	12⅛	Abitibi Pr x	0.40	2.6	8	387	16	15¾	15⅞	-¼
20¼	13½	ACM Ind	0.40	2.1	17	162	18⅞	18	18⅞	+1
23	13⅞	Acpincata			9	163	19¼	18⅞	19⅛	+⅛
65⅞	37¾	ACE Ltd	0.72	1.1	10	642	64⅞	63⅞	63⅞	-⅞
10¾	9⅝	ACM Gvt In x	0.90	8.7	11	121	10½	10⅜	10⅜	-⅛
7⅞	6⅝	ACM GrOpp x	0.63	8.5		213	7½	7⅜	7⅜	
9⅞	8⅝	ACM Man x	0.90	9.2		190	9¾	9⅝	9¾	
13⅞	6⅛	Acme Elect				29	6⅞	6⅝	6⅝	-¼
21⅝	13⅞	Acme Mtls			65	189	15⅝	14⅞	15⅛	-⅝
33¾	27¼	Acordia	0.80	2.5	15	97	32½	32⅜	32½	+¼
29¾	12	Acuson				2343	25⅞	24	24¾	-¾
21⅛	17⅞	Adams Expr	0.55	2.7	1	410	20¼	20	20⅛	-⅛
48½	10¼	AdvMic				60445	41⅞	37¼	39⅝	-2¼
15	8½	Advest Grp			9	140	13⅜	13⅛	13⅛	-¼
25⅛	9⅛	Advo Inc			28	65	12¼	12⅛	12⅛	-⅛
73⅝	41⅛	Aegon	1.18	1.7	30	210	70¾	69½	69⅞	-1⅞

- B -

- C -

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Dow tumbles on interest rate worry

AMERICAS

A sell-off in the technology sector and continued nervousness about a possible increase in interest rates sent US shares tumbling at midsession, *writes Lisa Bransten in New York.*

Stocks and bonds weakened after the commerce department said that consumer prices increased by 0.3 per cent last month, slightly more than the 0.2 per cent rise that many analysts had expected. Some economists said that the stronger than expected figure might provide the Federal Reserve with an excuse to raise interest rates at next Tuesday's meeting of its open market committee.

By early afternoon, the Nasdaq composite had fallen 27.24 to 1,242.10 and the Pacific Stock Exchange technology index was off 3.2 per cent.

At 1 pm, the Dow Jones Industrial Average was off 53.25 at 6,843.41 and the Standard & Poor's 500 fell 7.80 at 781.86. NYSE volume was 284m shares.

IBM and Hewlett-Packard, the primary technology companies in the Dow, were among the index's weakest performers. IBM slid $3⅝, or 2 per cent, to $136 and Hewlett-Packard shed $1¼, or 2 per cent, to $55⅞.

The four largest components of the Nasdaq composite each lost between 3 and 6 per cent. Intel fell $4½ at $132⅞, Microsoft was $4⅞ lower at $95⅞, Cisco Systems lost $2⅝ at $47⅞ and Orcaly was $2 lower at $38⅝.

Lexmark International Group, a computer printer company that was once part of IBM, contributed to worries in the technology sector by warning that it expected first-quarter earnings to be lower than analysts' forecasts. Lexmark shares dropped $3⅝, or 14 per cent, to $24.

Elsewhere, Sprint added $1⅞, or 4 per cent, at $45 on rumours that it could be acquired by Cable & Wireless of the UK. Both C & W and Sprint, however, put out statements saying that such a deal was unlikely.

TORONTO was weak at midsession, extending Tuesday's losses as banks continued to weaken on worries about the outlook for higher US interest rates. By noon, the TSE-300 composite index was 29.38 lower at 6,099.90 in volume of 44.6m shares.

Wascana Energy extended its rally in early trade, but by late morning was steady at C$20.45. On Tuesday, Canadian Occidental Petroleum made a C$2bn white knight bid for Wascana. Canadian Oxy rose C$1.55 to C$36.70.

MEXICO CITY held on to the best of its early gains at midsession in response to a sharp drop in primary interest rates and news that the US Senate intended to rebuke rather than decertify Mexico's anti-drug efforts. The IPC index was 37.75 higher at 3,834.80.

S African industrials edge ahead

Johannesburg edged ahead as local institutions continued to buy blue chips while dwindling foreign demand was mostly directed at gold shares. The overall index climbed 14.0 to 7,099.5, industrials advanced 21.0 to 8,342.6, and golds gained 5.1 to 1,375.5.

Turnover was, by recent standards, weak at R628.5m.

Industrials were propelled higher by South African Breweries, which gained 75 cents to R135.25. Gencor, the mining house, collected 35 cents to R19.80, while NBS Holdings, the banking group, eased 50 cents to R71.50 in heavy volume.

Steel groups again in the limelight

EUROPE

Once again, the negotiations between Krupp Hoesch and Thyssen and the potential reduction in steel industry overcapacity were the talk of Europe.

FRANKFURT confined Krupp and Thyssen to the grey market again. Talk of a steel joint venture, rather than takeover pyrotechnics, left the proponents at around DM385 and DM300 respectively, compared with last Friday's prices of DM346.80 and DM272 and a Thyssen high of DM434 on the day.

The Dax index recovered 16.13 to an Ibis-indicated 3,315.93, but, said Ms Barbara Altmann at B Metzler, many participants held fire ahead of tomorrow's triple witching day for the options market and next week's FOMC meeting in Washington. The day's indicators included a small rise in the Ifo business sentiment index for western Germany and slower than expected M3 money supply growth in February.

Conglomerates with steel industry associations continued to do well. Preussag put on another DM18.50 at DM459.80, while Mannesmann, which also saw speculation on a possible telecoms deal with Veba and Viag, rose DM18.50, or 3 per cent, to DM641.50. Veba gained DM1.86 at DM87.62.

Turnover stayed low, easing from DM11.5bn to DM11.3bn. SAP, the software group, got no credit for bumping up its dividend late on, the prefs falling DM5.50 to DM273. But Linde, the forklift leader, rose DM21 to DM1,116 ahead of today's results conference and Schering, the pharmaceutical group, recovered DM5.20, or 3.3 per cent, to DM162.30 after it raised forecasts for 1997.

PARIS staged a rebound after two days of falls, the CAC-40 index closing 22.52 higher at 2,596.77. Alcatel extended Tuesday's post result gains, putting on another FFr19 at FFr686 after broker upgrades. Michelin, the tyremaker, rebounded FFr11.50, or 3.6 per cent, to FFr330, recouping more than half of the fall on Tuesday's results, with some operators saying that the fall had been overdone.

ZURICH called a halt to the declines of the previous two days and the SMI index recouped 15.2 to 4,535.1 as a steadier dollar helped calm some of the market's recent nerves.

A SFr21 advance in Alusuisse to SFr1,186 was attributed to rumours that the company was looking to spin off either its highly profitable Lonza special chemicals group or its cyclical aluminium operations.

Among the day's other winners, CS Group added SFr3.50 to SFr156.25 as the shares caught up after recent weakness and ABB was SFr29 higher at SFr1,719.

Nestlé lost SFr15 to SFr1,585 on speculation that it was considering a reduction of its stake in the cosmetics company L'Oréal.

Ciba Speciality Chemicals dropped SFr2.75 to SFr115.75 on the view that the shares were overvalued, even when they were offered initially at SFr110.

The often volatile SMH tumbled SFr27 to SFr827.

MILAN staged a technical rebound after its recent sharp declines, led by gains in Tim and ENI. The Comit index recouped 5.21 to 730.09, also supported by the stronger lira and a firmer government bond market.

ENI added L336 at L8,515 after posting higher 1996 net profit and on the view that the company was undervalued compared with peer companies in Europe.

Tim rose L273 to L4,695 on its upgraded forecast for mobile phone penetration by 2000 and after a positive reception to presentations to analysts in Milan and London earlier in the week.

Stet was up L82 at L7,222 and Telecom Italia rose L44 to L4,129, recouping some of Tuesday's losses as fund managers adjusted portfolios ahead of the merger.

AMSTERDAM, with short-term rates moving against it, seemed to worry more about interest rate prospects and the consequences of any US rate rise next week than many of its neighbours.

The AEX index fell 6.69 to 735.04 with weakness showing in index-heavy financials such as ABN-Amro, down Fl 1.10 at Fl 128.90, and ING, Fl 1.30 lower at Fl 71.80. Hoogovens rose another Fl 3.10 to Fl 91.70 on the steel industry speculation. On the other side of the industrial economy, the recorded music company, PolyGram, surged Fl 5.80 to Fl 94.80.

Mr Joost Van Beek, at HSBC James Capel in Amsterdam, noted that analysts were due to dine with the PolyGram management last night; that the publisher, Wegener, was looking for original music to outsell compilations; and that there had been second thoughts about increased competition in the UK recorded music market which indicated that the retailers, rather than the suppliers, were likely to come under pressure. Wegener produced higher profits and rose Fl 4.50 to Fl 195.

MADRID featured strength in Endesa and Telefónica as the general index rose 1.11 to 474.26.

Endesa rose Pta150 to Pta9,230 after a higher dividend yesterday and an upgrade to buy from Mr Peter Planting-Gyllenbaga, utilities analyst at CS First Boston, who said that the electrical utility would benefit from higher than expected Spanish coal subsidies.

Telefónica climbed Pta35 to Pta3,390 on reports of possible South America deal with British Telecom.

Written and edited by William Cochrane and Michael Morgan

FTSE Actuaries Share Indices

Mar 19	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2143.39	2141.28	2140.23	2141.56	2142.44	2143.42	2143.27	2141.03
FTSE Eurotrack 200	2170.00	2173.38	2171.85	2173.86	2175.79	2174.84	2173.63	2172.34

	Mar 18	Mar 17	Mar 14	Mar 13	Mar 12
FTSE Eurotrack 100	2140.66	2164.22	2174.00	2183.53	2204.47
FTSE Eurotrack 200	2176.53	2199.22	2206.37	2212.55	2230.25

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Seoul lower on fears of financial crisis

ASIA PACIFIC

News of financial troubles at Sammi group companies, which triggered fears of a much broader financial crisis, left SEOUL tumbling 1.8 per cent. The composite index lost 11.68 to 646.29 while the finance sub-index fell 4.7 per cent.

One analyst noted that Sammi's trouble was not a new issue in the market, but it had prompted worries that more cash-strapped companies would follow.

Commercial Bank of Korea hit a year low of Won4,050, down Won350, and Korea First Bank lost Won150 to Won2,970. The two banks were the leading creditors to Sammi Corp and Sammi Steel respectively.

TOKYO virtually ran out of steam after Tuesday's 2.2 per cent gain and with the prospect of today's spring public holiday in sight, *writes Bethan Hutton.*

The Nikkei 225 index closed 48.51 higher at 18,493.71, moving in a fairly narrow range all day with a high of 18,554.60 and a low of 18,378.62. It started positively, retreated when the yen strengthened in late morning, and recovered in the afternoon.

Investors were still digesting Tuesday's government promise of measures to help solve the problem of excessive amounts of property held as collateral against bad loans.

The measures were due to be announced on March 31 and, although market participants reacted enthusiastically on Tuesday, most remained relatively cautious before full details were announced in case they did not come up to expectations.

These expectations, however, continued to lift several sectors. Banks were heavily traded, with six among the day's top ten most active shares. Some of the weaker ones, with most to gain from a resolution of the bad loan and real estate problems, also made some headway.

Nippon Credit Bank was the most heavily traded share, gaining Y14 to Y280. Sakura Bank rose Y12 to Y765, Fuji Bank Y40 to Y1,520 and Dai-Ichi Kangyo Y40 to Y1,400. Sanwa Bank and North Pacific Bank were both unchanged at Y1,360 and Y609 respectively, in spite of being actively traded.

International blue chips lost ground as the yen gained strength during the Tokyo trading day.

Toyota shed Y10 to Y3,120, Honda Y20 to Y3,620, Sony Y110 to Y8,710, TDK Y70 to Y8,100, and NEC Y20 to Y1,380.

The Topix index of all first-section shares added 4.40 to 1,381.39, and the capital-weighted Nikkei 300 edged up 1.46 to 264.97.

Volume dropped to an estimated 438m shares from 475m and losers outnumbered winners by 647 to 444 with 168 unchanged.

In Osaka, the OSE index edged up 15.78 to 19,225.94 in volume of 439.4m shares.

TAIPEI turned back after a seven-session rally of 4.3 per cent, concern growing over the possibility of government action to cool the overheating market.

The weighted index spurted to an early high of 8,599.52, however, before turning back to close down 84.68 at 8,441.52.

Turnover was T$195.7bn, the highest in more than seven years, as investors dumped shares to lock in profits.

HONG KONG was weak on sustained selling in HSBC Holdings and a lack of buying interest ahead of next week's US Federal Reserve policy meeting.

The Hang Seng index closed 97.49 lower at 12,651.42 in turnover that rose to HK$8.1bn.

Weakness in HSBC was attributed to profit-taking after the bank's recent relative outperformance. The share lost HK$2 to HK$180 in turnover of HK$415.5m.

SYDNEY was pushed down on arbitrage between futures and the cash market and by US interest rate worries.

The All Ordinaries index fell 19.1 to 2,385.2.

News Corp saw continued weakness following its planned acquisition of the US marketing group Heritage Media because of the implications for new equity and increased debt.

The shares fell 24 cents to A$6.12, down over 8 per cent this week.

DHAKA's bear run continued with the DSE index losing another 65.10, or 4.8 per cent, to 1,280.27.

Emerging markets: IFC weekly investable price indices

Market	No. of stocks	Dollar terms March 14 1997	% Change over week	% Change on Dec '96	Local currency terms March 14 1997	% Change over week	% Change on Dec '96
Latin America	(249)	630.39	+0.1	+17.2			
Argentina	(30)	1035.62	-1.4	+8.9	635,115.55	-1.4	+8.9
Brazil	(88)	510.06	+1.8	+28.7	2,013.06	+2.0	+30.7
Chile	(46)	716.66	-0.5	+15.6	1,186.81	-0.8	+12.5
Colombia[1]	(14)	772.77	+0.2	+22.1	1,452.71	+1.0	+28.8
Mexico	(64)	578.79	-1.2	+8.3	1,990.26	-1.8	+10.7
Peru[2]	(19)	226.86	-1.4	+15.3	364.87	-1.0	+16.8
Venezuela[3]	(9)	725.09	+3.1	-0.4	7,966.56	+3.1	-0.1
Asia	(711)	283.51	-1.1	+4.2			
China[4]	(27)	73.71	+1.1	-0.0	77.19	+1.1	-0.1
South Korea[5]	(156)	70.21	-6.7	-9.1	81.17	-5.6	-5.5
Philippines	(42)	292.52	-2.0	-0.4	372.09	-2.0	-0.2
Taiwan, China[6]	(90)	176.05	+1.0	+14.9	181.81	+1.1	+14.9
India[7]	(79)	93.60	-3.7	+18.8	119.19	-3.6	+18.9
Indonesia[8]	(49)	127.28	-3.1	-0.3	166.07	-2.8	+1.4
Malaysia	(148)	353.82	-0.7	+5.1	323.53	-0.9	+3.1
Pakistan[9]	(28)	239.58	+0.6	+22.4	437.57	-0.5	+22.4
Sri Lanka[10]	(5)	102.02	+1.3	+7.3	128.56	+1.3	+9.2
Thailand	(67)	181.40	+0.3	-18.1	187.00	+0.3	-17.0
Euro/Mid East	(204)	155.60	+0.5	+15.9			
Czech Rep	(7)	68.42	-3.9	-2.5	66.01	-5.4	+3.9
Egypt	(16)	111.32	-0.7	-	111.10	-0.7	-
Greece	(54)	298.85	-2.9	+23.3	540.96	-3.8	+33.6
Hungary[11]	(12)	218.23	-6.3	+10.9	484.68	-6.9	+21.4
Jordan	(7)	189.98	-0.2	+1.8	283.52	-0.2	+1.8
Morocco	(5)	115.37	+6.0	-	118.72	+6.2	-
Poland[12]	(30)	776.33	-5.5	+6.0	1,507.78	-5.8	+14.4
Portugal	(28)	160.59	+0.9	+8.9	185.65	+0.1	+21.0
Russia	(15)	118.94	+4.2	-	120.57	+4.3	-
Slovakia	(5)	111.24	-0.6	-	114.03	-1.6	-
South Africa[13]	(63)	236.03	+1.2	+13.1	216.56	+0.8	+7.5
Turkey[14]	(58)	206.56	+2.8	+38.9	12,207.58	+3.4	+60.1
Zimbabwe[15]	(5)	563.59	-3.3	+23.3	983.14	-2.8	+27.5
Composite	(1224)	327.15	-0.3	+10.9			

Indices are calculated at end-week: weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 5 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 31 1992; (15)Aug 2 1993; (16) July 2 1993.

The Philippines, widely seen as the potential pick of the crop among Asian emerging markets, is going through a rough patch. The composite index fell for the sixth day running yesterday, dipping 15.03 to 3,200.61, and now trails its February peak by more than 7 per cent.

After the strong gains of 1996, which ran over into January this year, some profit-taking is understandable. Political worries have begun to pile up and some of the economic doubts which are never very far below the surface in an emerging economy have began to undermine stock market sentiment.

GDP is set to expand by 6 per cent this year after growing by almost that in 1996, and keeping the economy on course and avoiding overheating is not proving easy. Inflation is ticking higher and the trade figures are starting to shows signs of unevenness with imports outstripping exports.

It is a testing time for the Manila stock market, which many observers see as a haven for investors turning away from the front tier of Asian economies. Foreign & Colonial, the international fund management group, makes no bones about its choice of the Philippines as the "most hopeful new Tiger prospect".

Debt service costs are down to 13 per cent of export revenues and, according to the Asian Development Bank, the Philippines economy is set to grow by 6.5 per cent a year for the rest of the decade. Pension reform, increasingly, will reduce dependence on capital inflows.

The Manila stock market has a value of around $60bn, although the number of truly marketable stocks is limited. The five leaders account for more than 40 per cent of overall value and the two largest, Ayala Corp and Ayala Land, represent more than a fifth.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY MARCH 18 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY MARCH 17 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	218.43	-1.7	203.79	169.29	190.57	184.74	-0.8	4.11	222.24	207.58	173.76	195.28	186.22	225.77	188.44	198.08
Austria (24)	185.21	0.0	172.80	143.55	161.59	161.54	-0.7	1.80	185.29	173.06	144.86	162.80	162.74	195.04	174.70	181.62
Belgium (26)	236.68	-0.6	220.82	183.44	206.50	202.07	-1.3	3.45	238.17	222.46	186.21	209.27	204.74	241.54	204.38	205.85
Brazil (28)	234.87	-1.4	219.13	182.03	204.92	458.56	-1.3	1.23	238.26	222.54	186.27	209.34	464.52	247.23	149.69	152.68
Canada (114)	196.12	-0.6	182.98	152.00	171.11	194.86	-0.4	1.89	197.22	184.21	154.20	173.29	196.68	203.31	164.12	156.73
Denmark (32)	374.14	0.0	349.07	289.97	326.43	328.22	-0.6	1.45	373.99	349.32	292.40	328.61	329.26	378.98	291.30	293.92
Finland (28)	259.14	-1.6	241.77	200.84	226.09	275.52	-1.8	1.66	263.34	245.96	205.88	231.38	280.66	268.58	174.47	166.59
France (91)	218.30	0.1	203.67	169.19	190.46	193.95	-0.6	2.67	218.16	203.77	170.57	191.69	195.10	225.82	186.91	187.39
Germany (59)	198.79	-1.0	185.47	154.07	173.44	173.44	-1.7	1.53	200.83	187.58	157.01	176.46	176.46	205.53	164.47	171.66
Hong Kong (59)	463.51	-0.8	432.45	359.23	404.40	461.04	-0.8	3.35	467.38	436.54	365.41	410.67	464.73	514.49	407.55	417.23
Indonesia (27)	229.97	-2.0	214.56	178.23	200.64	339.36	-1.9	1.57	234.66	219.20	183.49	206.21	346.11	–	–	–
Ireland (16)	329.79	-1.1	307.69	255.59	287.73	297.63	-1.4	3.18	333.47	311.47	260.72	293.01	301.80	343.35	258.26	259.23
Italy (59)	83.01	-0.7	77.44	64.33	72.42	104.60	-1.0	2.13	83.57	78.06	65.34	73.43	105.69	98.32	70.61	73.32
Japan (480)	114.64	2.3	106.95	88.85	100.02	88.85	1.4	0.88	112.03	104.64	87.59	98.44	87.59	164.68	109.16	148.45
Malaysia (107)	632.03	-0.2	589.68	489.84	551.43	601.72	-0.4	1.05	633.38	591.58	495.18	556.51	604.38	660.85	512.47	536.96
Mexico (27)	1349.36	1.4	1258.94	1045.80	1177.28	11726.58	0.9	1.12	1330.10	1242.35	1039.91	1168.70	11624.64	1445.68	1104.48	1104.48
Netherland (19)	348.30	-0.7	324.96	269.94	303.88	300.34	-1.4	2.58	350.80	327.66	274.28	308.23	304.51	357.18	279.88	284.21
New Zealand (14)	83.60	-1.3	78.00	64.79	72.94	84.03	-1.2	4.45	84.74	79.15	66.25	74.45	84.81	95.60	75.94	81.49
Norway (41)	307.87	-0.6	287.24	238.61	268.61	284.91	-1.0	2.15	309.68	289.23	242.10	272.09	287.99	321.23	236.19	240.63
Philippines (22)	197.21	-0.6	184.00	152.85	172.06	258.84	-0.5	0.67	198.12	185.05	154.90	174.06	260.07	–	–	–
Singapore (43)	395.82	-1.8	369.30	306.78	345.34	262.38	-1.4	1.05	402.38	375.83	314.59	353.56	266.00	449.16	371.28	430.10
South Africa (44)	361.15	-0.1	336.95	279.90	315.09	348.31	-0.5	2.41	361.41	337.57	282.56	317.56	350.02	389.25	301.49	386.11
Spain (35)	213.77	-0.1	199.45	165.68	186.51	230.86	-0.8	2.76	213.87	199.76	167.21	187.92	232.65	228.16	166.78	166.76
Sweden (48)	424.36	-1.5	395.92	328.89	370.24	484.42	-1.8	2.15	430.65	402.24	336.69	378.39	499.39	448.64	334.04	344.45
Switzerland (36)	255.25	0.4	238.15	197.83	222.70	227.99	-0.8	1.30	254.16	237.39	198.71	223.32	229.78	257.66	229.36	246.12
Thailand (45)	77.68	-1.0	72.47	60.20	67.77	78.14	-1.1	4.13	78.46	73.28	61.34	68.94	79.02	187.79	73.98	175.84
United Kingdom (212)	277.01	-0.3	258.45	214.69	241.69	258.45	-0.4	3.79	277.86	259.53	217.24	244.14	259.53	285.30	226.05	227.82
USA (654)	320.41	-0.6	298.94	248.33	279.56	320.41	-0.8	1.88	322.84	301.54	252.40	283.66	322.84	331.54	254.79	268.53
Americas (823)	293.36	-0.7	273.70	227.38	255.96	248.95	-0.7	1.87	295.52	276.02	231.04	259.66	248.75	309.45	233.09	242.97
Europe (727)	242.35	-0.4	226.11	187.63	211.44	224.61	-0.9	2.72	243.36	227.30	190.26	213.83	226.65	248.97	204.71	205.00
Nordic (150)	372.00	-1.1	347.07	288.31	324.56	363.40	-1.6	1.97	376.32	351.50	294.22	330.66	369.11	385.85	286.64	294.34
Pacific Basin (873)	134.76	1.4	125.73	104.44	117.58	103.39	0.8	1.40	132.89	124.12	103.90	116.76	102.54	177.01	131.50	161.54
Euro-Pacific (1600)	179.59	0.4	167.55	139.18	156.68	149.14	-0.2	2.14	178.92	167.12	139.89	157.21	149.37	191.51	176.79	179.55
North America (768)	312.88	-0.7	291.91	242.49	272.97	312.14	-0.7	1.88	315.21	294.42	246.44	276.96	314.45	323.69	248.65	258.74
Europe Ex. UK (515)	218.18	-0.5	203.56	169.10	190.36	201.76	-1.2	2.11	219.22	204.76	171.40	192.62	204.15	223.97	186.65	187.46
Pacific Ex. Japan (393)	303.10	-1.1	282.79	234.92	264.45	282.24	-0.8	2.83	306.31	286.10	239.48	269.14	284.38	320.65	268.97	282.40
World Ex. US (1813)	183.36	0.3	171.07	142.11	159.98	155.26	-0.2	2.12	182.79	170.73	142.91	160.61	155.55	198.47	179.10	180.93
World Ex. UK (2255)	222.26	-0.2	207.36	172.26	193.91	197.14	-0.5	1.81	222.66	207.97	174.08	195.64	198.04	228.69	199.58	205.42
World Ex. Japan (1987)	284.32	-0.6	265.26	220.35	248.06	274.54	-0.8	2.21	286.15	267.27	223.72	251.43	276.70	292.72	233.10	239.84
The World Index (2467)	226.95	-0.2	211.74	175.89	198.01	202.69	-0.5	2.01	227.39	212.39	177.78	199.80	203.61	233.38	202.32	207.45

CONSTITUENT CHANGE WITH EFFECT 19/3/97: Deletion: Finance One (F) (Thailand). Latest prices were unavailable for this edition.